

SEE Legal

February 2014



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INTRODUCTION

We would like to summarize our short introduction in two words: **breadth** and **depth**.

The South East Europe Legal Group (**SEE Legal**) is not a law firm network. Instead, for the last 10 years we continue to develop into a highly-integrated regional legal service provider.

- The Group has its own structure (management, administration, regular MP meetings, practice groups), infrastructure (Swiss Verein, intranet, website, knowledge management and clients database), different policies (including one-stop shop and one invoice), publications (employment, energy, insolvency, restructuring), international and national conferences and events, marketing and business strategy;
- We have established and continue to develop integrated regional practice groups in:
 - * M&A
 - * Competition Law
 - * Energy
 - * Banking and Finance

These enable us to share legal and industry-sector knowledge, practice management know-how, and client service capacities to deliver services wherever the client needs them, at a level of professional quality and efficiency that is not matched by any ordinary law firm networks or by many of the international law firms practicing in the region.

In short, nobody matches SEE Legal for experience and breadth of coverage throughout the entire 12-country region. The view of international independent market researchers is that nobody ranks even a distant second.

Each of the SEE Legal members delivers best-in-market expertise and client service in its own jurisdiction. In all of the jurisdictions, the SEE Legal member firm is ranked by international directories and market research teams -- as being in the top tier for reputation, expertise, and client service. This differentiates SEE Legal from ordinary law firm networks, as well as from other international law firms practicing in the region. In short, nobody surpasses the SEE Legal member firms in each firm's jurisdiction.

On the next pages, we have provided the major deals in the pipeline for the SEE region.

ALBANIA

1. FIRM PROFILE

KALO & ASSOCIATES represents a full service commercial law firm widely recognized as leading in Albania and Kosovo. The firm acts for a considerable number of Fortune 500 operating directly or through agency, distributorship or technology transfer (including Microsoft, Cisco, Lockheed, Colgate-Palmolive, Google, Apple, Phillip Morris, etc.). The firm is often called via international law firms by IFI-s, IFC, EBRD, KFW, DEG, OeEB. English based companies like Vodafone, Crown Agents, Unilever, etc., are also part of portfolio of clients.

The firm is constantly ranked every year in Top Tier of Chambers Global and IFLR 1000, LEGAL 500, etc., with impressive testimonials.

The firm has 17 lawyers only in Albania (one British and one Italian) and is structured in 6 departments and provides services through coordination of departments when projects are complex. The firm is active in commercial legislation drafting.

For more information please visit www.kalo-attorneys.com

Field Code Changed

2. DEALS IN THE PIPELINE

FINANCIAL SECTOR

Financial Guarantee EBRD is going to accord 100 million EURO guarantee to the Albanian Deposits Agency. The fund will be backed by Sovereign Guarantee

Guarantee Facility WB EDIF Guarantee Facility is to provide guarantees to local Financial Intermediaries to encourage them to build up new portfolios of SMEs loans and thereby improving access to finance. Eligible Financial Intermediaries (financial or credit institutions, guarantee schemes including mutual guarantee organisations, micro-finance institutions and any other financial institution committed to SME financing) established and operating in one or several Western Balkan countries) interested to apply for a SME Loan Guarantee will be selected on the basis of a Call for EoI (launched on 17.4.2013 and to be closed on 30.6.2014)

Field Code Changed

Banking There are allegations Credit Agricole Albania will be for sale

IS Bank is looking in Albania and Kosovo markets and is currently financing 110 MLN EUR to Turkish concessionaire in HPP. They say they may want to establish a subsidiary/branch here

PRIVATISATIONS

<i>Oil</i>	Privatization of 100 of shares of Albpetrol, the state owned company holding interests of oilfields in Albania Privatization of Albanian Refinery
<i>Insurance</i>	Privatization of INSIG, the only state owned insurance company
<i>Tobacco</i>	Privatization of 37.98 per cent of shares of the state in a large tobacco company where majority is held by a Greek company
<i>Telecommunication</i>	The state will privatize its shares in the fixed phone company Albtelecom

NATURAL RESOURCES

<i>Power</i>	Preparation of the tender for concessions over two big HPP: 1) Skavica and 2) Vjosa Many holders of concessions of hydropower plants are not able to finance them and therefore are looking for interested investors who may take over such concessions
<i>Mining</i>	There is lot of private transactions happening in mining sector

INFRASTRUCTURE

<i>Water</i>	Durrës Utility Investment Project 60 mln EUR This project has four components: 1) financing six water supply production wells and a bulk water supply transmission pipeline that will provide up to 630l/s additional supply capacity to address the acute water shortages in the Durres utility service area; and ancillary investments, including elevated reservoirs, linking municipalities/communes within the Durres area and along the transmission pipeline route to the water supply system in a sustainable manner; and 3) priority investments in the water distribution network in Durres, as well as provision of leak detection equipment and pressure reducing valves to reduce losses 2) wastewater investments aimed at enhancing the existing sewerage network's capacity to handle the increased water supply in an environmentally and socially sustainable manner. 3) strengthen the water utility 4) implementation. This component will support implementation of the project including salaries for Project Implementation Unit (PIU) staff, the PIU operating costs, provision of needed equipment,
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consultant services supporting project investment technical reviews, as well as overall project supervision, monitoring, evaluation and reporting.

- Waste* IFC is assisting the Municipality of Tirana in a Waste Project. Expression of Interest organized by IFC for selection of concessionaire has been already exhausted. Bidding for the concession will be due in March
- Airport* Government announced their decision to break the exclusivity of Tirana International Airport and intends to open two new airports.
- Railways* EBRD is considering the improvement of the railway system of Albania. Now the project is in the phase of the analysis and feasibility study by a Greek consulting company but no progress made due to lack of funding the consultancy fees
- Ports* Albanian Government is considering three concessions: 1) Port of Vlora, 2) Port of Shengjini and 3) Port of Porto Palermo.
- Roads* IFC is assisting Albanian Government to award a concession/PPP for the motor way Kukës-Morinë

ARBITRATION

- Concessions* Some concessionaires are affected by a change-in-law due to a new fiscal policy of the government and might be using arbitration clause

BOSNIA AND HERZEGOVINA

1. FIRM PROFILE

Brief Overview

Marić Law Office has a long standing reputation for more than 50 years having been the largest and one of the leading law practices in Bosnia & Herzegovina. Since the amendments to the Law on Advocacy from year 2010 made it possible, the law office continues its activities since 2010 as a law firm under the name Marić & Co providing services with nine (10) strictly specialized lawyers and thirteen (14) senior and junior associates.

Although Marić & Co has the capacity to satisfy all kinds of requests for legal services of the investors that are doing business in Bosnia and Herzegovina, the firm's practice is mostly focused on Corporate Law, M&A, Banking and Financial Services, Competition, Real Estate, Energy, Public Procurement, Labour Law, IP, Consumer Protection, Product Liability and Litigation.

The firm is recommended by the Legal 500, Chambers, Martindale Hubel, IFLR1000 and PLC Which Lawyer especially for its corporate and M&A work. The firm is always ranked as the first one or between the first three firms in the state. Legal 500 says it "is the largest player in the market and its competency is demonstrated by the calibre and profile of the work it wins."

Marić & Co represents a large number of major investors in the market and helps in realizing their investments in Bosnia and Herzegovina in the most efficient manner. Chambers Europe 2013 market sources say Branko Marić is "*amongst the top lawyers in the country*", and is an "*exceptionally skilful and influential figure*", whereby "*although perhaps best known for his transactional prowess, he regularly brings his gravitas to bear on disputes*".

Languages spoken among the employees of Marić & Co are: English, German, French, Bosnian, Serbian, Croatian and Albanian.

Branko Marić CV

Marić & Co is run by Senior and Managing Partner, Mr. Branko Marić who began his professional career in 1971. Since then, Mr. Marić gained extensive experience representing local and foreign corporate clients on all aspects of Bosnian law. Some of the biggest clients he represented are: Amadeus Spain; Allied Domecq Agencies; Alpe Adria Consult Austria; AWT International Austria; Castrol Italia; Coca-Cola Beverages; Confida; Europlakat; Interbrew; Intermarche – Compagnie de Distribution European Paris; KPMG; Messer; OBI Markt; Oriflame; Parsons; PriceWaterhouseKupers; Procter & Gamble; Reuters Ltd; Volvo; L'Oreal – France; Kraft Europe – Austria; VolvoTruck Corporation – Sweden; Tetrapack – Tetra Laval – Sweden; HVB bank leasing Sarajevo – BIH; Energoinvest Sarajevo – BIH; Horizonte venture investment fund - Austria; Norfund – Norway; Oracle – USA.

Mr. Marić also advised World Bank-Mission in Sarajevo, USAID – Mission in Sarajevo, ABBA CELY Mission in Sarajevo, Chamber of Commerce of Canton Sarajevo, Chamber of Commerce of FBiH,

Austrian Chamber of Commerce in BIH, French Chamber of Commerce in BIH, Italian-Bosnian Chamber of Commerce in BIH, IGA Investment guaranty Agency of BIH.

Some of the most recent M&A transactions Mr. Marić was directly involved are acquisition of local television broadcasting company by Chello Central Europe Zrt, Hungary, sale of a Bosnian retail company CDEB Intermarche Sarajevo, acquisition of shares of the company Strauss B-H d.o.o. Sarajevo, etc.

Working with Allen & Overy

Marić & Co has been working closely with Allen & Overy in a number of significant large international deals, mostly relating to M&A transactions, energy deals and banking/finance. The two firms have also been closely working on drafting and reviewing various contracts.

We have been working with Hugh Owen on most our deals and we would like to see him again at our Global Relationships Conference.

Recent Developments

In 2010, Marić & Co changed its corporate structure, registering as a limited liability company. This was done due to the fact that the form in which the Firm carried out legal activities - Joint Law Office, according to the Law of Bosnia & Herzegovina is not recognized as a legal entity with its own legal capacity, and therefore such form became inadequate due to the increasing number of lawyers. It was also restricting the firm's further development. Such corporate change has already significantly contributed to further improvement of firm's services to the satisfaction of our clients.

As the areas of Intellectual Property have started increasingly to develop in Bosnia and Herzegovina, Marić & Co started expanding its IP department.

Current Trends

Current projects – Federation of Bosnia-Herzegovina

- Modernization of Block 6 of the Kakanj thermoelectric power plant.
- Modernization of Block 6 of the Tuzla thermoelectric power plant.
- Revitalization of the Jablanica hydroelectric power plant, increasing its capacity from 150 MW to 180 MW.
- Revitalization of the Rama hydroelectric power plant, increasing its capacity 180 MW.
- Revitalization of the Jajce II hydroelectric power plant.

Planned capacities – Federation of Bosnia-Herzegovina

- Hydroelectric power plant Mostarsko Blato, installed capacity of 60 MW, originally planned for 2010, but postponed for after 2015.
- Wind energy power plant Podveležje-M. Glava Poljice, installed capacity of 30 MW, originally planned for 2010, but postponed for after 2015.

- Wind energy power plant Sveta Gora, Mali Grad, installed capacity of 30 MW, originally planned for 2010, but postponed for after 2015.
- Wind energy power plant Velika Vljajna, installed capacity of 32 MW, originally planned for 2010, but postponed for after 2015.
- Wind energy power plant Mesihovina, installed capacity of 44 MW, planned for 2016.
- Wind energy power plant Livno (Borova Glava), installed capacity of 52 MW, planned for 2016.
- Wind energy power plant Pločno/Ruište, installed capacity of 45 MW, planned for 2016.
- Wind energy power plant Debelo Brdo, installed capacity of 68 MW, planned for 2016.
- Wind energy power plant Mokronoge, installed capacity of 70 MW, planned for 2016.
- Wind energy power plant Srdani, installed capacity of 30 MW, planned for 2016.
- Wind energy power plant Poklecani, installed capacity of 40 MW, planned for 2016.
- Wind energy power plant Planinica, installed capacity of 28 MW, planned for 2016.
- Wind energy power plant Kamena, installed capacity of 16 MW, planned for 2014.
- Wind energy power plant Bahtijarevica/Ratkamen, installed capacity of 69 MW, planned for 2015.
- Wind energy power plant Crkvine, installed capacity of 24 MW, planned for 2015.
- Wind energy power plant Velja Međa, installed capacity of 18 MW, planned for 2015.
- Wind energy power plant Ivan Sedlo, installed capacity of 20 MW, planned for 2016.
- Hydroelectric power plant Vrilo, installed capacity of 52 MW, originally planned for 2013, but postponed for after 2015.
- Hydroelectric power plant Kablić, installed capacity of 52 MW, planned for 2015.
- Hydroelectric power plant Glavatičevo, installed capacity of 28.5 MW, originally planned for 2012, but postponed for after 2015.
- Hydroelectric power plant Bjelimići, installed capacity of 100 MW, originally planned for 2012, but postponed for after 2015.
- Hydroelectric power plant Bjelimići, installed capacity of 600 MW, planned for 2014.
- Hydroelectric power plant Ustikolina, installed capacity of 66 MW, planned for 2015.
- Hydroelectric power plant Vranduk, installed capacity of 21 MW, planned for 2015.
- Hydroelectric power plant Unac, installed capacity of 72 MW, planned for 2015.
- Hydroelectric power plant Han Skela, installed capacity of 11 MW, planned for 2015.
- Hydroelectric power plant Ugar Ušće, installed capacity of 15 MW, planned for 2015.
- Hydroelectric power plants Vrpolje and Čaplje, installed capacity of 80 and 12 MW, originally planned for 2013, but postponed for after 2015.
- Hydroelectric power plant Vrletna Kosa, installed capacity of 25 MW, planned for 2015.
- Thermoelectric power plant Tuzla, Block 7, installed capacity of 370 MW, planned for 2015.
- Thermoelectric power plant Kakanj, Block 8, installed capacity of 250 MW, planned for 2015.
- Thermoelectric power plant Bugojno 1, installed capacity of 300 MW, planned for 2015.
- Thermoelectric power plant Kongora, installed capacity of 550 MW, planned for 2015.
- Thermoelectric power plant Tuzla B-1, installed capacity of 500 MW, planned for 2017.
- Thermoelectric power plant Kakanj A kombi, installed capacity of 100 MW, planned for 2017.
- Thermoelectric power plant Bugojno 2, installed capacity of 300 MW, planned for 2017.
- Thermoelectric power plant Kamengrad 1, installed capacity of 215 MW, planned for 2017.
- Thermoelectric power plant Tuzla B-2-Banovići, installed capacity of 500 MW, planned for 2023.

- Thermoelectric power plant Kamengrad 2, installed capacity of 215 MW, planned for 2023.
- Thermoelectric power plant Kakanj B, installed capacity of 450 MW, planned for 2025.
- Thermoelectric power plant Tuzla C kombi, installed capacity of 100 MW, planned for 2027.

Current projects – Republika Srpska

- Concession awarded for the construction of thermoelectric power plant Stanari, expected to be commissioned in 2015/2016.
- Concession awarded for the construction of thermoelectric power plant Toplana Kotor Varoš.
- Concession awarded for the construction of hydroelectric power plant Ulog, expected to be commissioned in 2015/2016.
- Concession awarded for the construction of hydroelectric power plant Krupa.
- Concession awarded for the construction of hydroelectric power plant Banja Luka Low.
- Larger number of concessions awarded for the construction of small hydroelectric power plants, total installed power of 210 MW.

Planned projects – Republika Srpska

- Construction of hydroelectric power plants Buk Bijela and Foča, planned until 2020.
- Construction of hydroelectric power plants Dabar, Nevesinje and Bileća, planned between 2016 and 2020.
- Project documentation drafting for hydroelectric power plants Sutjeska, Paunci, Mrsovo, Middle Drina and Dubrovnik II.
- Reconstruction and modernization of thermoelectric power plants Gacko 1 and Ugljevik 1, with the construction of a new block for each power plant of 300 and 400 MW respectively, planned between 2020 and 2025.
- Reconstruction and expansion of the power grid.

Gas

Bosnia-Herzegovina (hereinafter referred to as BiH) does not have its own natural gas resources and therefore the entire supply of natural gas is exclusively based on import of this energy product from the Russian Federation through one transport route.

- Construction of transport gas line Sarajevo-Mostar-Ploče in order to connect the natural gas transport system of BiH with the gas transport system of Croatia.
- Construction of transport gas line Bosanski Brod-Doboj-Maglaj-Zenica in order to connect the natural gas transport system of BiH with the gas transport system of Croatia.
- Construction of transport gas line Tržac (entry from Croatia)-Cazin-Bosanska Krupa-Sanski Most-Ključ with a connection to the gas line towards Bihać, Velika Kladuša and Bosanski Petrovac as the realisation of the third connection on the west of BiH with the gas transport system of Croatia.
- Gasification of Visoko, Kreševo, Kiseljak and Fojnica.
- Implementation of natural gas into the Kakanj thermal power plant.
- Gasification of Zenica and Kladanj.
- Construction of a transport gas line between Zenica and Travnik.

- Development of a plan on expanding the gas transport and distribution system in the Republika Srpska entity.

Mining & Minerals

- Privatisation of the coal mine “Miljevina” Foča.
- Privatisation of the limestone mine “Vijenac” d.o.o. Lukavac.
- Awarding of a concession for renewed exploitation of a gold and silver mine in Bakovići, near Fojnica.
- Privatisation of the iron mine Ljubija.
- Opening of new surface mines at Gacko and Ugljevik and reconstruction of the mining machinery.

Oil & Petroleum

- Modernization project of the Oil refinery in Bosanski Brod (2010-2015).

Transportation & Roads

- Planned project in Republika Srpska - Construction of the motorway Banja Luka – Doboj (section Banja Luka – Prnjavor)
- Planned projects in the Federation of Bosnia and Herzegovina - Construction of the motorway Doboj Jug – Zenica, section of Corridor 5c (39 km) between the sections of Karuše and Poprikuše

BULGARIA

1. FIRM PROFILE

Boyanov & Co. is widely regarded, both internationally and locally, as the top national law firm in Bulgaria in virtually all areas of business law and is ranked at the top positions in almost all areas of the major legal directories (Legal 500, Chambers & Partners and IFLR 1000).

The firm is particularly strong in M&A, corporate, banking & finance, employment, energy, real estate, IP and litigation.

We have 10 partners and employs in total about 45 fee earners.

Our client base is very wide and includes many of the largest multinational companies in the world in virtually all sectors of the economy.

The firm has advised on most of the landmark investments and transactions in Bulgaria during the last 24 years and has built a long-term relationship with many of its clients – for not only its ability to act as a trusted advisor rather than a simple service provider but also because we help the clients to navigate effectively through the sometimes complicated and controversial Bulgarian legal and social landscapes, which often requires more than mere legal advice.

In 2011 Boyanov & Co. won The Lawyer's award for **Law Firm of the Year in Eastern Europe and The Balkans**. Some of the most recent awards won by the firm include:

- 2013 AI Banking & Finance Law Firm of the Year – Bulgaria
- ICFM TOP 250 Leading Firm Award Winner for 2014
- Corporate Intl Magazine Global Award Winner for 2014
- IFLR1000 Top Tier Firm of the Year for 2014
- Corporate Intl Magazine IsFin Global Law Firm of the Year in Bulgaria for 2014
- DealMakers and Lawyers World M&A Advisory Law Firm Of The Year – BULGARIA for 2014

We provide legal services in Bulgarian, English, German, Spanish, French and Russian.

For more information please visit www.boyanov.com.

Field Code Changed

2. DEALS IN THE PIPELINE

The still ongoing financial and economic downturn in Europe and the region, coupled with political instability in Bulgaria at the moment (due to a weak coalition government and ongoing public protests) has unfortunately resulted in a significant decrease in foreign investments in Bulgaria. Thus large M&A and finance deals are rare at the moment.

Nevertheless, few potential deals that may require legal advice from both a local and an international law firm are listed below:

2.1 EUR 1.5 Billion Eurobond issue

The government is planning to issue new Eurobonds of about EUR 1.5 billion to fund the budget deficit.

2.2 Concession of Sofia Airport

Although the current government has not finalised its plans for granting a concession for Sofia Airport (the largest airport in Bulgaria), this is still under consideration. A concession analysis is expected in March 2014, based on which the government is expected to decide whether it will go on with the concession.

2.3 Privatisation of Municipal Bank

At the end of 2013 Municipal Privatisation Agency of Sofia completed a procedure for the selection of a consultant to privatise the majority stake of the Sofia Municipality in Municipal Bank. According to the announced timeline of the process the privatisation procedure could be expected to start in Q3 or Q4 of 2014.

The attempt to privatise the bank couple of years ago failed due to unrealistic price expectations and the tense relations between the majority shareholder and the largest minority shareholder. Estimated deal value approx. EUR 20 - 30 million.

2.4 New Generation Units at Maritsa East 2 Thermal Power Plant

TPP Maritsa East 2 is the biggest thermal power plant in Bulgaria. The power plant is state owned and is part of the so called Maritsa East energy complex comprising four thermal power plants burning lignite coal mined in the region by the state-owned Maritsa East Mines. The other three power plants are owned by private investors, including the US companies AES and ContourGlobal.

In 2011 the Bulgarian government announced its plans to build two new generation units (around 250 ME each) at the site of TPP Maritsa East 2. A special purpose company was incorporated but there was no much development. At the end of 2013 the new government announced that there is interest by General Electric for the project and new developments are likely in 2014. Opportunities could arise at investor's level as well as in connection with the construction and financing.

There is no certainty about the value of the project but expectations are that it will be above EUR 500 million.

2.5 Max Telecom

Max Telecom is a Bulgarian telecom company providing mobile Internet services on a WIMAX technology.

Last year the company was bought by a Russian businessman residing in London (Mr. Daniel Kupsin) who is said to have invested so far EUR 40 million in the company (of which EUR 15 million a fee for a mobile voice license).

The company is now trying to start LTE services in the 1800 MHz band, as well as mobile voice service based on national roaming agreements with existing mobile operators.

The owner is said to seek a co-investor and/or financing for the future expansion of the company in Bulgaria (in the form of a loan, IPO or other form of financing) but retaining majority control of the company.

Expected financing needed is said to be in the range of about EUR 35 million.

2.6 Concessions

According to its official website the Bulgarian Ministry of Transport, Information Technology and Communication prepares to offer on concession:

- *Sofia Central Railway Station*
- *Varna Central Railway Station*
- *Sofia Civil Airport (see above)*
- *Balchik Civil Airport (a regional airport)*
- *Rousse-East Port Terminal, part of the Port for public transport of national importance of Rousse*
- *Plovdiv Civil Airport*
- *Vidin-Centre Port Terminal, part of the Port for public transport of national importance of Vidin*
- *Poduyane Railway Station (a smaller railway station in Sofia)*
- *Port for public transport of national importance of Varna*

CROATIA

1. FIRM PROFILE

Divjak, Topić & Bahtijarević is a well-established Croatian law firm widely regarded as one of the leading corporate and commercial firms in Croatia.

DTB is currently the largest top-tier law firm with 29 attorneys working in specialized practice groups. The firm's list of clients comprises leading international and domestic companies, business owners, investors and financial institutions.

Through our experience representing large multinational companies, the firm has developed a specialized understanding of the energy, real estate, and financial industries and focuses on complex local and multi-jurisdictional transactions. Our experience in project investment, real estate, energy, labour and employment, competition, mergers and acquisitions, corporate, banking and finance law (including insurance) is particularly strong.

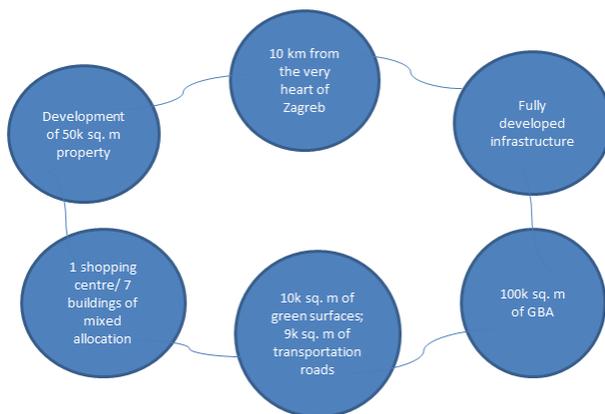
Our top tier position is reflected by our recent awards and rankings by leading independent researchers such as Chambers and Partners, Legal 500 and International Financial Law Review.

Besides the Croatian language, our lawyers provide legal services in and are sworn court interpreters for English, German, and Italian languages.

For more information about our firm, please visit www.dtb.hr.

Field Code Changed

2. DEALS IN THE PIPELINE



2.1 DEVELOPABLE AREA NEAR-BY ZAGREB

A fully supported property in terms of infrastructure, with the total surface of approx. 50,000.00 sq. m in the vicinity of Zagreb is being developed, with close to 100,000.00 sq. m of gross buildable area (55,000 sq. m of GBA above ground, and 45,000.00 sq. m of GBA underground).

Leasable commercial facilities are planned to be developed as an independent building, and additional seen buildings of mixed commercial-public-business and residential allocation are also planned on the area.

The property is advertised as having vast potential for all future partners that wish to develop it, lease certain parts of the property, buy the whole property or parts of it, opt for strategic or financial investment, join investment...

2.2 CROATIAN INSTITUTE OF IMMUNOLOGY FOR SALE



The Croatian Institute of Immunology is the new Croatian investment opportunity.

The Institute of Immunology is the oldest manufacturer of immunobiological medicines in this part of Europe.

Up and running since 1893, the Institute of Immunology produces viral and bacterial vaccines, products from human and equine plasma, allergens and other products, with the aim to prevent and fight disease.

This is a [link](#) to their products and [human resources](#).

Recently initiated bankruptcy proceedings over the Croatian Institute of Immunology are now dismissed, and it is up to the Ministry of Economy to decide on the future of this institution.

Relevant minister stated that the state, as the largest creditor and owner of the company, intends to initiate **pre-bankruptcy proceedings** as soon as possible.

The pre-bankruptcy proceedings should open room for discussions on a sustainable, restructuring plan. It seems that the government wants to apply a model that has already been used in a number of tourist companies in pre-bankruptcy proceedings.

Strategic partners/ potential investors will be found with the help of invitation to interested parties to conduct due diligence. According to the minister, the strategic goal behind this operation is to ensure the manufacture of vaccines and blood derivatives stays in Croatia.

Due diligence procedure, the actual deal flow and attitude of potential investors will define the issues related to new licenses for vaccines and blood derivatives. Ivo Usmiani, owner and manager of the company Jadran Galenic Laboratory (JGL), is principally interested in the Croatian Institute of Immunology, and appraises the value of need investment at 30 million euro (10 million euro of which in working capital), with the actual company capital being its staff.

2.3 99-YEAR CONCESSION FOR THE KUPARI COMPLEX NEAR-BY DUBROVNIK

[Croatian Government](#) rendered a decision today to publish a public invitation for the expressions of interest for the creation of building and easement rights on the property located in Kupari nearby Dubrovnik.

KUPARI COMPLEX is an attractive former military resort in Župa Dubrovačka (the very south of the country). This was once a tourist complex with five-star hotels and residential buildings, with 1.5 million overnight stays per year and employing 400 people. It also used to carry a prestigious note as being the favorite holiday spot for Yugoslavian political and military elite. In early 2000s, conservative estimations put Kupari's daily value at 200 000 EUR.

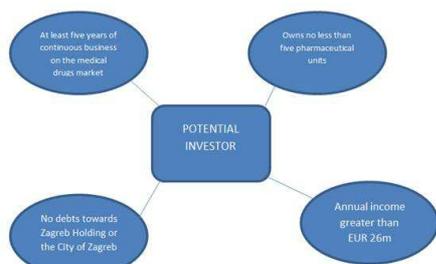
This invitation for non-binding offers will be followed by a procedure for binding offers after the completion of the renewal of the land register, which is in progress. The choice of investors is expected in the first quarter of 2014.

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2.4 ZAGREB PHARMACIES ARE LOOKING FOR AN INVESTOR



Zagreb Holding published a public invitation for expression of interest for purchasing shares of 50% or more in the capital city's pharmacies (34 pharmacies, galenic and analytical laboratories with 310 employees).

In the event of positive feedback, the Holding may choose to publish an actual tender for the sale of founding rights.

The initial value is speculated at HRK 100m (approx. EUR 13m).

2.5 CROATIAN TOLL ROADS HAVE STILL NOT BEEN MONETIZED YET

The Croatian Government intends to monetize the motorways infrastructure, currently managed by state owned companies HAC and ARZ in order to:

- receive the highest possible one-time financial benefit to be paid to the state budget
- reduce the public debt
- increase the efficiency of the highways infrastructure
- achieve the highest possible economic benefits for the Republic of Croatia
- toll levels regulated by the Government
- no traffic guarantee.



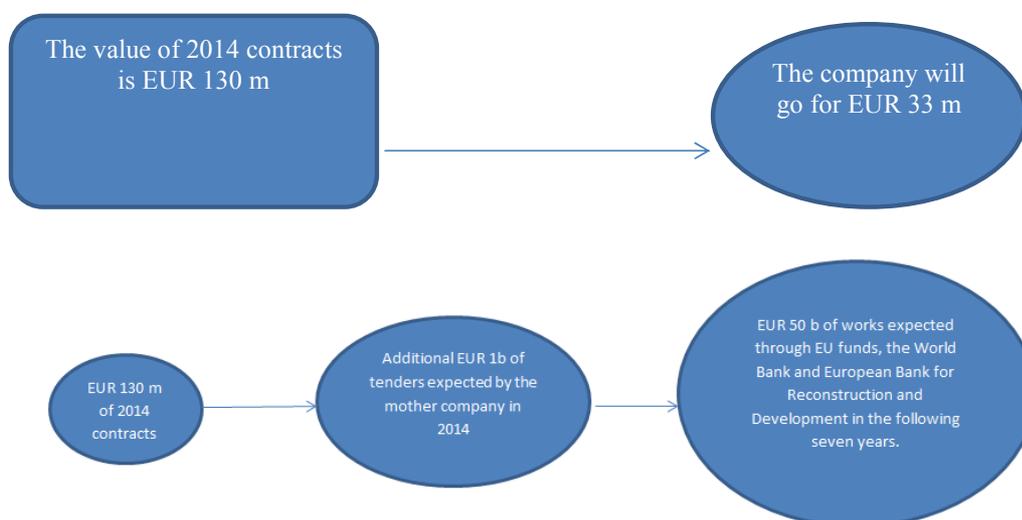
The upfront payment of the concession fee is mentioned as the main condition to this deal. The Government expects EUR 3 billion as minimal offer.

Depending on the offered consideration, the concession will be between 30 and 50 years. The Government also expressed its readiness to share the traffic volume risk, i.e. it may warrant certain traffic level and reimburse the concessionaire in the event of lower traffic volume. It may also participate in income if the volume is greater than projected.

Croatian motorway network currently consists of approximately 1250 kilometres (approx. 770 miles). There are four companies managing the Croatian network of highways, with state-owned Hrvatske autoceste ltd (HAC) and Autocesta Rijeka Zagreb jsc (ARZ) now subject to monetization. Subject of the project is the motorway network currently operated by 2 state-owned management companies HAC (868 km long; 2700 employees) and ARZ (182 km long; 726 employees) in total length of 1050 km.

2.6 RAILWAY CONSTRUCTION/ FACILITIES FOR SALE

Railways Infrastructure company moves to sell their only daughter company - Railway Construction/ Facilities. This is a company that deals with track overhauls, fabrication and erection of steel bridges and steel structures, modification and installation of bridge bearings, repair of railway tunnels, cuttings, bridges, construction of platforms and landscaped areas in railway stations. The company employs 1500 employees.



Available financial data:	2011	2012
Income	EUR 8,6 m	EUR 7,8 m
Expenses	EUR 8,3 m	EUR 7,4 m
Material expenses	EUR 5 m	EUR 4,3 m
Personnel expenses	EUR 2m	EUR 2m
Reservations	/	EUR 70,000
Profit	EUR 65,000	EUR 300,000

Potential investors:

- Austrian concern Swietelsky through its subsidiaries already present in railway operations in Croatia,
- German Wiebe (in cooperation with Croatian company Zagorje- Tehnobeton),
- Italian SALCEF Costruzioni Edili e Ferroviarie,
- Czech company Subterra (in cooperation with Croatian companies Viadukt and Duro Dakovic),
- and the Spanish state railway infrastructure company ADIF.

2.7 THE GOVERNMENT IS READY TO SELL ITS SHARES IN THE STATE-OWNED AIRLINES COMPANY

The Government of Croatia published a public invitation for expression of interest for purchasing shares in the joint-stock company Croatia Airlines d.d. through process of public tenders. Interested investors were invited to submit letters of intent to purchase shares of the joint-stock company Croatia Airlines d.d. The deal is still not closed.

GREECE

1. FIRM PROFILE

Kyriakides Georgopoulos (KG) Law Firm dates back to the 1930s and is one of Greece's most historic law firms.

Today, we number 22 partners and approximately 90 expert lawyers who, from our Athens and Thessaloniki offices, are actively involved in the provision of legal services to high-profile Greek and International clients.

Throughout the years, KG Law Firm has developed a strong dedication to the defence of its clients' interests, as well as a deep understanding and appreciation of the commercial environment in which its clients operate. The multi-disciplinary teams of lawyers in our firm are capable of working closely with clients to ascertain innovative and practical solutions to complex problems. The successful handling of our clients' affairs is attributed to our professionalism, efficiency and expertise, qualities that our firm constantly demonstrates. KG Law Firm retains a leading practice in the fields of energy, utilities and infrastructure, project finance, banking, privatizations and M&As, as reflected in the growth of the firm over the years.

For more information please visit www.kglawfirm.gr.

Field Code Changed

2. DEALS IN THE PIPELINE

This is a very challenging time for Greece, but it is also an exciting time; one with the potential for innovative, successful and large-scale business ventures and projects. Our standing in the Greek business world is highly regarded and our prior experience has positioned us in the middle of several high-profile projects which are currently being negotiated or are taking form.

The Hellenic Republic Asset Development Fund, tasked with overseeing all privatization efforts of the Greek State, is situated in the middle of many of these opportunities. Several of the medium and long-term privatization projects in Greece include the following:

2.1 Land development

- **Thermal Springs:** seeking to develop thermal/wellness tourism in Greece by capitalizing on the existing network of thermal springs.
- **Ermioni:** exploiting the property in Ermioni through the development of an upscale resort complex consisting of vacation homes and hospitality/leisure facilities.
- **Voras Cluster:** initiating an international public tender process for the exploitation of a ski resort along with a sizeable public land in the nearby village and an area by the neighbouring lake.
- **Motorway Supporting Areas:** moving forward with the sale of six areas of real estate which serve as Logistics Facilities Areas of Attiki Odos.

2.2 Infrastructure

- **Public Power Corporation (PPC):** evaluating the most appropriate method to privatize the incumbent power producer and supplier in Greece with more than 7.5 million customers and an installed capacity which (at 12,800 MW) covers over 80% of the country's total – the State hold a 51% interest in the PPC, which is listed on the Athens Stock Exchange.
- **Independent Power Transmission Operator (ITO):** privatizing the ITO, as part of the multi-step process to restructure and privatize the electricity market through unbundling the ITO from its parent company, the PPC.
- **Natural Gas Company (DEPA):** moving forward with a second privatization attempt for DEPA, this time following the implementation of a number of actions to allow for increased competition in the field of natural gas.
- **Athens Water Supply and Sewerage Company (EYDAP):** EYDAP, a company listed on the Athens Stock Exchange, has the exclusive right to offer water and sewerage services in the Greater Attica Area under a renewable 20-year agreement signed by the Hellenic Republic and EYDAP in 1999. The State holds 61% of the company's share capital.
- **South Kavala Natural Gas Storage:** reviewing alternative ways to exploit the nearly depleted offshore natural gas field in South Kavala through its usage, development and commercial exploitation as a natural gas storage facility.
- **OLP, OLTH, 10 Regional Ports:** evaluating the most appropriate method to privatize twelve ports - Piraeus (OLP), Thessaloniki (OLTh), Volos, Rafina, Igoumenitsa, Patras, Alexandroupoli, Iraklio, Elefsina, Lavrio, Corfu and Kavala (the State owns 74% of OLP and OLTH shares, which are listed on the Athens Stock Exchange, and 100% of the share capital of the rest of the ports).
- **Train Operating Company (TRAINOSE):** evaluating the most appropriate method to privatize 100% of TRAINOSE, a company engaged in the provision of traction services for the rail transportation of passengers and freight, the development, organisation and exploitation of urban, suburban, regional, extra-urban and international railway transportation of passengers and freight etc.

2.3 Corporate

- **Hellenic Petroleum:** seeking to privatize the 35.5% share of the State in the leading oil refiner and distributor in Greece, which operates three refineries in southern and northern Greece (which cover approximately 70% of the country's refining capacity) and a refinery in FYROM.
- **LARCO:** seeking to privatize the 55.2% share of the State in one of the largest ferronickel producers in the world whose activities include the exploration, development, mining, smelting and trading of its products globally.
- **Hellenic Post:** seeking to privatize the 90% share of the State in the leading postal service provider in the Greek market with a network of 750 outlets and services including, letter post,

parcel service, nationwide next-day delivery, express mail, door-to-door service, bill payment, as well as financial and insurance services.

2.4 Other (non-privatization) projects

- Petroleum exploration and exploitation: following through with the new exploration and exploitation activities for hydrocarbons, both for offshore and onshore areas of Greece.
- Large-scale RES projects: developing new large-scale renewable energy source projects, such as large wind parks or clusters of wind parks, hydro-electric projects and photovoltaics.
- Trans-Adriatic Pipeline (TAP): moving forward with the development of TAP, a high-profile natural gas pipeline project. The pipeline will start in Greece, cross Albania and the Adriatic Sea and come ashore in southern Italy, allowing gas to flow directly from the Caspian region to European markets.
- Incorporation of new regional natural gas distributors (EPAs): seeking to establish, through a public international tender, three new EPAs in Sterea Ellada and Evia, Central Macedonia, and Eastern Macedonia and Thrace.
- Financing of School Units under a PPP structure: developing this project as a first in a pipeline of PPP projects to get started after the financial crisis in order to create a pilot for other future projects.
- Development of an oil storage terminal: using the Strategic Investment process (Fast-Track) to develop a large-scale infrastructure project in rural Greece.

KOSOVO

1. FIRM PROFILE

KALO & ASSOCIATES started its services with an office in Kosovo in May 2008, and this office deals in a wide range of legal areas and has ample experience of having worked on large complex transactions and projects, drawing upon our knowledge and expertise particularly in the following areas: Corporate (including JV, M&A), Concessions and PPP-s, Construction, Commercial Contracts, Administrative Procedures and Appeals, Banking and Finance, Project Financing, Secured Transactions, Tax Energy & Natural Resources, Environment, Petroleum, Privatisation, Foreign Direct Investment, Real Estate, Antitrust and Trade Regulation, Commercial Arbitration and Litigation, Employment, Insurance, Intellectual Property, Telecommunication, ICT and more. Also, KALO & ASSOCIATES Kosovo has provided advises in the field of anti-corruption, anti-bribery and on prevention of conflict of interest for its clients, such as (i) Phillip Morris International; (ii) Bechtel International; (iii) VISA International; etc.

The office in Kosovo has 4 lawyers only in Prishtina and it provides services through coordination with Tirana Office.

The firm has 17 lawyers only in Albania (one British and one Italian) and is structured in 6 departments and provides services through coordination of departments when projects are complex. The firm is active in commercial legislation drafting.

For more information please visit www.kalo-attorneys.com.

Field Code Changed

2. PROJECTS IN THE PIPELINE

Privatizations/Concessions

Post Telecommunications of Kosovo Privatization

The privatization of 75% of the shares in Post Telecommunication of Kosovo has been postponed for several times, due to political issues in the Kosovan Assembly and in the Governmental Privatization Committee in Kosovo. The declared preferred bidder for the acquisition of 75% of shares in Post Telecommunication of Kosovo was the German-American Consortium "Axos & Najafi".

Currently the Government of Kosovo has cancelled the bidding and a complaint by the bidder has been filed to the relevant privatization Kosovan authorities.

Note: KALO & ASSOCIATES was engaged as local legal advisor by Gowlings, which is part of the transaction advisors consortium jointly with RBI and Lazzard.

Brezovica Ski Resort

Located within an hour's drive of two international airports and set in the Republic of Kosovo's Sharr National Park, the Brezovica Mountain range spans 39,000 hectares of high alpine mountain terrain and forests, with a highly diverse and abundant offering of flora and fauna. Ideally located on north and northwest facing slopes, the Brezovica Resort area represents one of the last remaining under-developed ski resort areas in Southeast Europe.

The development of the Brezovica Resort has been deemed a project of national significance, important to the economic development of the Strpce Municipality and to the broader national economy. Due to such importance, from 2010-2012, Ecosign, a world renowned ski resort design firm, was retained with EU support to undertake an extensive study of the area and assess its development potential.

The envisioned development area will be offered by the Government of Kosovo under a long-term ground lease or concession and will include the existing ski facilities, and well as adjacent properties. Sites surrounding the current Brezovica ski facilities are suitable for mountain resort property development. These include additional ski areas, areas for ski resort villages, and land areas attractive for broader residential development consistent with natural surroundings.

Currently, the bid has been announced and it is undergoing the first procurement phase. There are six bidders.

Note: Our firm is part of advisory team of this project (with Deloitte).

Energy / Waste

Renewable Energy Legal Framework - IFC

In July 2013, the following Request for Expression of Interest in Kosovo has been published: IFC Advisory Services - Balkans Renewable Energy Program Support to the Kosovo Energy Regulatory Office - assistance in regulatory framework improvement related to renewable energy.

This Project aims to provide a needed assistance to the main stakeholders related to the Program's implementation (ministries, state institutions, renewable energy sponsors and local financial institutions) through the following key objectives:

- Improve the existing regulatory framework related to renewable energy,
- Work with the renewable energy sponsors on the market level as well as supporting development of individual renewable energy project,
- Work with the selected financial institutions to improve their internal capacity in project finance and renewable energy technologies.

The shortlisted bidders have been announced in September 2013, but the preferred bidder has not been announced as yet.

Note: KALO & ASSOCIATES participated in the bid with GIDE and was shortlisted.

HPP Zhur

The Zhur hydroelectric power plant is a storage type hydroelectric power plant. The plant will be constructed southwest of Prizren in the area of the Prizren and Dragash/Sharr municipalities. The available gross heads of a maximum of some 683.5 m and a minimum of some 643 m are used at two

power plants – the HPP Zhur I close to Zhur village and the HPP Zhur II on the Drini i Bardhë River. All waters harnessed empty into the Drini i Bardhë River.

Hydroelectric power plants of the Zhur system as peaking hydroelectric power plants with the installed power of 305 MW, and average annual output of 397.59 GWh, will be integrated into the power supply system of Kosova through a switchyard, i.e. two 220 kV transmission lines. The HPP is assumed to be in operation for some 1,400 hours yearly. Streams that will be harnessed by this hydropower system pass through the area of the Mt. Mali Sharrit massif and comprise catchment areas of the Lumi Plavë River and its tributaries, among which the most important are the rivers Lumi Brod and Lumi Restelic, and the catchment area of the Lumi Çaljene River with its tributaries. Waters collected in this area are conveyed by common conveyance systems of the rivers Lumi Çaljene, Lumi Restelic and Lumi Brod to the planned reservoirs at the Lumi Plavë River (Plavë Reservoir) and the field Fusha e Llopushnikut (Brezna Reservoir).

Currently, there have not been any development on any project on HPP Zhur, which is stalled at present due to unresolved matters between Albania and Kosovo; however the Prime Ministers of Kosovo and Albania have been lately discussing on such matter in order to cooperate in its revitalization in the future.

Gasification Project

This project is said to bring underground coal gasification (UCG) to Kosovo (Envidity); though the bid is not yet announced.

Note: KALO & ASSOCIATES is legal counsel to Envidity.

Waste Project – Pristina (pending)

This Project is not yet been announced or otherwise implemented due to the lack of a clear strategy by the Ministry of Environment in approaching waste management projects so far.

Note: KALO & ASSOCIATES was legal counsel, in concert with Gide, under an IFC mandate.

KOSOVA RE

For over a decade now, Kosovo government plans to build a new power plant, Kosova e Re, close to capital Pristina, starting out as a planned 2000 MW unit that would turn the country into the leading energy exporter for the Balkans. The Project is currently in tender process.

Mining

TREPQA Mine

Kosovo Trust Agency was established with the UNMIK Regulation No. 2002/12 as the Agency responsible for the administration of Socially Owned Enterprises. The mandate of the Kosovo Trust Agency ceased in June 2008 and was succeeded by the Privatization Agency of Kosovo (“PAK”) in accordance with the Law 03/L-067 on the Privatization Agency of Kosovo.

The reorganization and liquidation of certain Socially Owned Enterprises was regulated by the UNMIK Regulation no. 2005/48, whereas, on November 2011, the Parliament of Kosovo promulgated the Law on Reorganization of Certain Enterprises and Their Assets (the “Reorganization Law”), which law represents the legal frame for administration and restructuring process of the Trepca -Enterprise under PAK Administration. In accordance with the provisions of the Reorganization Law, PAK is appointed as legal administrator of Trepca Enterprise under the Special Chamber of the Supreme Court of Kosovo supervised reorganisation.

Currently, the Trepca Enterprise operates as Trepca North and Trepca South, two autonomous units with each its own management body, under PAK Administration. At this stage in the enterprise are employed approximately 2500 active employees receiving regular salaries.

In terms of Trepça’s core business, currently there are four active mines and three flotations active and operating. Active operating mines are: Stan Terg, Artana, Belo Brdo and Cernac. Active flotations/concentrators are: Tuneli i Parë, Kishnica and Leposavic.

A tender for the Provision of Professional service for the reorganization of Trepça- enterprise under PAK administration was announced in December 2013 and the bidders have submitted their offers in early January 2014.

However, lately there are discussions on a political level in Kosovo to change the legal framework and status of Trepca enterprise and list the latter as a Public enterprise where the Government and the Assembly of Kosovo would have its ownership.

Note: KALO & ASSOCIATES is one of the bidders in this tender, jointly with PwC.

Transport

Motor Way (ROUTE 6)

The Project involves the motorway Prishtine-Hani i Elezit (connection to Pan European Road Corridor VIII), which will be 60 km long and will be divided in three sections. Government of Macedonia is expected to start next year the construction of motorway from the Kosovo to Skopje.

Three consortia had met the prequalification criteria for the participation in the bid: CMS-Dougs, Bechtel-Enka and Strabad, though the latter did not use its right to submit an offer. The Austrian Company “Strabag” withdrew from the bid without giving any explanation.

Very recently Bechtel-Enka has been announced as the winning bidder, though the official agreement with the Government has not been signed yet and is expected to be concluded by the end of the month of February.

Note: Bechtel is KALO & ASSOCIATES’ long standing client in Albania and Kosovo.

Railway Project Tirana – Prishtina - Skopje

This is a very early stage project which is being discussed, even though there are no strategy implemented, nor any bid announced or any other procedures initiated yet.

Financial Sector

IS Bank

IS Bank is a Turkish bank which has established its presence in Kosovo as well. Allegedly, they are interested to acquire one of the largest bank of Kosovo (ProCredit Bank)

Note: IS Bank is KALO & ASSOCIATES' client in Albania where they are providing a facility about 100 mln EUR to a Turkish company in a hydropower project.



REPUBLIC OF MACEDONIA

1. FIRM PROFILE

Today, Polenak Law Firm is one of the leading law firms in the Republic of Macedonia in many practice areas. Its practice comprises major mergers and acquisitions involving international investors, preparation of legal due diligence reports, creation of banks, establishing insurance and leasing companies, trade and production companies, hospitals and medical care institutions, commercial, civil and criminal litigations, financial transactions, loans and enforcements, employment issues, preparation and review of contracts, real estate transactions, share transfers, protection of consumers; competition issues, telecommunications.

Professional personnel are a condition for prompt and sound service. In Polenak Law Firm we believe that our ability to meet the needs of our clients is fully supported by our non-legal staff. We also believe that there should be no language barrier for our clients. Therefore translators in all world languages are always available for sound translation from languages not spoken by our attorneys.

2. DEALS IN THE PIPELINE

Key projects and opportunities:

The Republic of Macedonia is rapidly advancing on the path of political and economic reforms towards strengthening the democratic society and the free market economy. The result is political and macroeconomic stability providing for economic growth. The country's continuous progress has been confirmed by the World Bank's Doing Business report, which has ranked Macedonia the 3th best reformer in the world for 2012.

Macedonia is a signatory of three multilateral Free Trade Agreements: SAA (Stabilization and Association Agreement) with the EU member states; EFTA (Switzerland, Norway, Iceland and Liechtenstein); and CEFTA (Macedonia, Albania, Moldova, Serbia, Montenegro, Bosnia and Herzegovina and Kosovo). In addition to the multilateral, Macedonia has also signed two bilateral Free Trade Agreements with Turkey and with Ukraine. These agreements give Macedonia duty free access to more than 650 million consumers.

Macedonia has also been a member of the World Trade Organization (WTO) since 2003.

The country has signed investment protection treaties with Albania, Austria, Belgium, Bosnia, Bulgaria, China, Croatia, Czech Republic, People's Republic of Korea, Finland, France, Germany, Hungary, India, Italy, Malaysia, Netherlands, Poland, Romania, Russia, Serbia, Slovenia, Spain, Sweden, Switzerland, Turkey and Ukraine.

An agreement for avoidance of double taxation is signed with Austria, Albania, Belgium, Belarus, Bulgaria, Tunes Britain, Germany, Denmark, Egypt, Estonia, Iran, Ireland, Italy, Qatar, China, Kosovo, Kuwait, Latvia, Lithuania, Morocco, Moldova, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Taiwan, Turkey, Ukraine, Hungary, Finland, France, Netherlands, Croatia, Czech, Switzerland, Sweden, Spain, Serbia, Montenegro.

Macedonia is a party to the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards as well as the Geneva Convention on Execution of Foreign Arbitral Awards. Macedonia is also a party to the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States and the European Convention on International Commercial Arbitration.

Energy sector development is a priority in Macedonia, with 70% of the technically available hydro potential open for investment. Numerous investment opportunities exist and the Government encourages investment in both traditional and renewable energy projects.

Macedonia has a complex geological structure and a large number of ore deposits. Reserves of lead, zinc, copper-gold, coal and chromium ores are being exploited in a number of locations. Lignite, marble, travertine and other decorative construction stones are widely available.

LAND DEVELOPMENT

- **Development of the ski - center Popova Shapka**

The state owned power generation company - ELEM seeks for a partner who should project and build six seeded cable-car in ski - center Popova Shapka. The build of the six seed cable-car is a novelty in Popova Shapka, and that is the beginning of the development plans. Until now there were using two two-seeded cable-cars and several ski-lifts.

The project provides three developmental phases, and besides the six seeded cable-car, provides reconstruction of the access road, the number of parking spots should be increased and there are envisaged new ski trails, equipment for artificial snow, etc.

- **Brownfield Investments**

Brownfields are former industrial lands that are now vacant or underused but have the potential to be redeveloped for new uses.

Brownfields renewal can mean novel business opportunities, impending profit on vacant or under-utilized properties, community and environmental benefits, and access to unexploited markets for the investors.

The governmental agency for attracting investors Invest Macedonia provides for a database with a full list of potential investment opportunities (- <http://brownfields.investinmacedonia.com/index.php/list>), consisting of manufacturing facilities, logistics centers, offices or buildings and agricultural land.

ENERGY

- **Project “Gasification of Skopje”; Distribution**

The Government has published a tender for a PPP project, calling private partners to participate in a (i) construction in the primary and secondary grid for natural gas distribution, (ii) investment in the distribution grid to final individual consumers (public entities, households and commercial users) and measurement and regulation equipment, (iii) distribution of natural gas, (iv) managing the distribution

of natural gas, (v) maintenance and development of the distribution system, and (vi) investing in the adjustment or procurement of equipment for production of thermal energy in existing buildings. The territory for the application of this project includes 17 municipalities in the Skopje region.

The PPP contract is envisaged to apply for 20 years. Estimated value of the project is Euro 98.399.894.

The term for submission of bids is 26 May 2014.

- **HPP Chebren**

The Government of the Republic of Macedonia, acting through the Ministry of Environment and Physical Planning (the "Conceding Authority"), published an invitation for submission of bids from prospective bidders for the award of the project for generation of electricity from hydropower plants on Crna River (the "Project"). The Project comprises the following elements:

- (i) Concession for water from Crna River for production of electricity, including the (a) exclusive right to design, build, operate and maintain HPP "Cebren" (with indicative installed capacity of 333MW), (b) exclusive right to operate and maintain the existing HPP "Tikves" (with installed capacity of 92MW) and, optionally, (c) exclusive right to design, build, operate and maintain HPP "Orlov Kamen", on the conditions specified in the Concession Contract during the period of fifty-two (52) years (the "Concession"); and
- (ii) Establishment of a joint venture with the state owned generation company (ELEM) on the conditions specified in the Joint Venture Contract and transfer of the Concession to this newly created joint venture. The percentage of shares of ELEM in the share capital of the joint venture shall be determined by the winning Bidder in its Bid. ELEM's contribution to the capital of the joint venture will include the transfer of the existing HPP "Tikves", as well as other contributions.

HPP "Cebren", HPP "Tikves" (after its contribution to the joint venture) and, optionally, HPP Orlov Kamen shall operate as independent electricity producers on the domestic electricity market and on the international electricity market.

The Government has engaged International Finance Corporation (IFC - the World Bank Group) to act as transaction advisor for the Project

The term for submission of bids is 16 April 2014.

ENERGY PROJECTS OF THE STATE OWNED POWER GENERATION COMPANY (ELEM)

- **TPP Negotino 2 and Coal mine "Negotino"**

Existing TPP Negotino is situated eight kilometers downstream of Negotino town, by the River Vardar Valley within Dubrovo area. With 210 MW installed capacity and 1,2 billion kWh possible annual electricity generation it uses heavy oil as an operational fuel and represents an important capacity of Macedonian electricity power industry. Due to the fact that electricity generation from heavy oils is

less profitable, this facility was used as a reserve of the power system. Within TPP Negotino site there are preconditions for construction of another 300 MW thermal power plant, which will use fuel from local coal deposits of Negotino basin that are estimated on 82, 5 million tons in total, of which 41 million tons are exploitable with underground mining and additional 9 million tons with open cast mine (open pit). Construction of thermal power plant will be in parallel with mine opening.

Regional and detailed geological investigations identified over twenty deposits and coal localities at the territory of the Republic of Macedonia.

Based on the latest investigations of Negotino deposit, situated 2,3 km from existing TPP Negotino, performed during the period 2009/2010 a complete set of geological, hydro geological and geotechnical Elaborates were produced. These Elaborates were used to manufacture a Feasibility study (2010) for commencement with exploitation of coal from “Negotino” deposit. According to this Study as a base for further treatment of “Negotino” deposit, the coal mine is planned to yield annual capacity of 2 million tons coal, both from underground and open pit (1,5 million tons and 0,5 million tons coal, respectively), further used as operational fuel in TPP Negotino. Deposit position is favorable from several aspects: favorable traffic road communications as well as favorable railway communication, north highway (Belgrade – Skopje – Athens), water resources etc.

- **Coal mine “Zivojno”**

Deposit “Zivojno” is the third main coal deposit in Pelagonia region and it is located approximately 35 km southeast of town Bitola to the border between Republic of Macedonia and Greece or 20 km from mine Suvodol and it is extension of mine Brod-Gneotino (cca 4 km from Brod-Gneotino). It spreads over an area of cca 25 km².

According to the Feasibility study for mine exploitation elaborated in 2004, there are valid possibilities for excavation of coal with mine exploitation, and with excavation of up to 3 million tons of coal annually. Estimated total geological coal reserves in deposit Zivojno, possibility for their exploitation and proximity with TPP Bitola (cca 20km), or construction of new appropriate TPP capacity justifies the efforts for its usage for longer time period.

- **TPP Mariovo and Coal mine “Mariovo”**

In March 2012, AF Consult and EBRD have started the preparation of prefeasibility Study regarding the possibilities for utilization of coal mine Mariovo in convenient TPP, including the TPP site selection.

As planned, TPP Mariovo will reach an installed capacity of 300 MW and annual generation of 2000 GWh. As a fuel, the plant will use domestic coal from Mariovo mine which is on a distance of 2 km. The latest detailed investigations during 2009-2010 confirmed geological coal reserves of 96,7 million tons from category A+B+C1 (2010) with lower heating value of 7654 KJ/kg.

This project is not yet active, but may trigger interest of potential investors.

- **Project “Vardar Valley”**

Ten Hydro power plants are planned to be constructed in the Vardar Valley to use the whole water potential of the river Vardar. The technical documentation for these power plants is on the level of study. The Vardar Valley is multipurpose project with objectives to strengthen the Energy, Traffic,

Agriculture, Tourism and Industrial sector with respect to the Environment. The high lite of the project is construction of 10 Hydro power plants in the Vardar Valley, and the total investment is estimated at close to 1 billion Euro. The construction of the dams will improve the hydrological regime and will provide water for irrigation. The project will have positive impact on the industrial sector, and the construction of the dams will eventually enable navigable way along Vardar Valley. Also, the construction of the dams will enable development of tourism and sport on the artificial lakes.

- **Hydro power plant “Boshkov most”**

The project envisages construction of a dam and accumulation with intake facilities on all streams of the river basin of Mala Reka, derivation channels, main intake-derivation tunnel, and penstock and power house.

The Hydro power plant Boshkov Most is expected to work with 68 MW capacity to operate for at least 5 hours per day and in summer, while the rest of the year the number of hours will vary depending on hydrological conditions. According to the analysis made under the preliminary project HPP Boshkov Most will annually produce 117 GWh. Total investment value is expected to be Euro 70,000,000.

- **Hydro power plant “Veles”**

This hydro power plant will be located near the Vardar river. The Hydro power plant is near-dam power plant of gravitational concrete dam. The technical documentation is at the preliminary design for the construction of the dam and the displacement of the rail line. According to the analysis made under the preliminary project HPP Veles will annually produce 300 GWh. The total investment value is estimated at Euro 251,000,000.

The railway Skopje - Veles will be flooded out with the future accumulation. It will need to be dislocated on the higher level and this scope of works must be predicted before dam construction. The construction period for dislocation of the railway is 3 years and must be finished before starting of the dam construction.

- **Hydro power plant “Gradec”**

Hydro power plant “Gradec” is planned to be constructed on the Vardar river, 30.4 km from the Macedonia-Greek border. The access to HPP GRADEC is possible through highway Skopje-Gevgelija directly to the dam crest. Power house is an integral part of the dam and there are predicted two units with Kaplan turbines. The project documentation is on the level of main project for the overflow and the project for the power house part is on the level of primary project for the left and right part of the dam. According to the preliminary analysis the HPP Gradec will annually produce 252 GWh. The total investment value is estimated at Euro 156,800,000.

- **Hydro power plant “Galiste”**

HPP Galiste is planned to be built on the river Crna Reka. The HPP includes the following structures: rock fill dam with a clay core, grouting curtain, upstream and downstream cofferdam which enters the dam body, a diversion tunnel which will serve as a foundation outlet, a spillway (overflow) organ - shaft overflow, supply organ, power house comprising of three generator sets as well as a 110 kV switch-yard located in the area between the dam and the power house. According to the preliminary

analysis the HPP Gradec will annually produce 262 GWh. The project documentation is on the level of primary design. The investment value is Euro 200,241,000.

- **Lukovo Pole Renewable Energy Project**

A project interesting for construction companies is the construction of Lukovo Pole.

The storage “Lukovo Pole” is located in the northwest part of Macedonia at the border with the Shar Planina and Korab massif. The main quantities of water, about $60.33 \times 106 \text{m}^3$ or with average yearly discharge of $Q = 1,913 \text{ m}^3/\text{sec}$ (the data are provided from the supplemented hydrological series prepared by the experts in HPP Mavrovo for the period 1958-2007), in the future storage will collect from the river Crn Kamen where is planned construction of rock filled dam with central clay core.

The Dam “Lukovo Pole” is located at the r. Crn Kamen in its upper part, namely close at the inflow of the both rivers that are forming the r. Crn Kamen. It is 71,00 m high and allows forming accumulation with total volume of $39 \times 106 \text{ m}^3$ of water and useful volume of $38 \times 106 \text{ m}^3$ of water that will generate $163,19 \times 106 \text{ KWh}$ electricity annually.

Within the catchment of the Korab waters, construction of the headrace channel in length of about 20 km, that will catch the Korab waters from the first intake Projfel (Dlaboka Reka) to the inflow in the accumulation “Lukovo Pole” with total annual flow of about $44,460 \times 106 \text{ m}^3$ or with average annual flow of $Q = 1,410 \text{ m}^3/\text{sec}$ (the data are provided from the supplemented hydrological series, for the period 1958-2007).

The intake of the Korab waters is located in the northwest regions of Macedonia and is spread along the entire length of the Korab massif, at altitude above the sea level of about 1620,00 m.

In May 2011 the state owned generation company signed a Project preparation advance with the World Bank (IBRD) in amount of 3 million dollars in order to prepare update of technical studies, make Environmental assessment and perform additional geological investigations. The completion of these activities should permit signing of a Loan Agreement with the World Bank and start of the construction activities tentatively planned for the summer of 2013, but the beginning of project is still outstanding due to ecological NGO's opposition.

- **Construction of new high voltage distribution network**

MEPSO is part of the European mega plan which covers more than 100 projects, worth Euro 104 billion intended for revitalization, upgrade, modernization or construction of 51,550 km transmission lines across the European continent. In the reconstruction part, i.e revitalization of the power line, a new high voltage distribution network should be construed with a length of around 165 km and a total value of Euro 50 million. This includes two major projects of national importance, first is about the connection with Serbia, through the construction of the power line Shtip-Nish, and the second project for which a feasibility study has been completed is the construction of 400 KW transmission line Bitola-Elbasan.

- **Project “District heating for Bitola, Mogila and Novaci”**

The municipalities of Mogila and Novaci has great potential for using thermal energy in greenhouse production. The concept of this project contains different types of activities. The production of thermal

energy will be provided by ELEM, TPP Bitola, while distribution and supply will be under the responsibility of a separated entity, having license from the Energy Regulatory Commission.

According the elaboration in the prefeasibility study, the feasibility of this project is highly dependent from the amount of installed capacity as well as their density. During the first phase of project implementation, the assumptions are that the demand will not be greater than 135 000 Mw/h pre year. However, detailed investigation for the planned installed capacity should be base for production's capacity planning. Regarding the investment costs, prefeasibility study concluded that the total amount of investment will be approximately Euro 40 million. Only for production of thermal energy Euro 10,5-11,5 million will be spend, and design and construction of the primary and secondary pipelines will require Euro 24,5-28,5 million.

- **Project “Gasification of Skopje”; New gas generated power plant**

The project implementation will contribute for greater utilization of natural gas in Macedonia, and lower greenhouse gases emission compared with conventional technologies and other fossil fuels. The plant should be installed on the site of existing "Energetika"- Skopje power plant, where is already implemented infrastructure that could be used for the new plant: raw water supply, plant for chemical treatment of the water, district heating station, district heating pipelines, two 110kV substation, and connection with substation Skopje 1 through 4 transmission lines. This plant will have at least 300MW installed electrical power and maximum 150MW thermal power. The annual production of electrical energy is assumed on 2000GWh, and 320 GWh annual production of thermal energy. On the site, there is requirement for process steam, but the production of process steam in this plant should be further elaborated, due to the existence of other steam production facilities in the vicinity. Annual natural gas consumption is assumed on 400.000.000 Nm³. The City of Skopje has already published an advertisement for the companies interested in participating in the construction and management of gasification of Skopje, because it will be implemented through public-private partnership. The connection of the new plant with the national transmission grid, will be through 4 spare bays in the existing substation 110kV/6kV. The natural gas supply contract is one of the key factors for the success of this project. Total value of the investment is Euro 300,000,000.

- **Solar Parabolic through Power Plant**

In 2009 the state owned power generation company - ELEM elaborated application to the EU – IPF funds for approval of a grant for preparing a feasibility study for the first “Solar Thermal Plant“ in Macedonia and in the region. At the same time ELEM drafted out the Terms of reference for Feasibility study for the solar power plant. The Terms of reference envisage determination of best variant among few different variants for solar plant (autonomous and hybrid variant of solar power plant) as well as determination of best site for the plant among some preselected possible sites. The ongoing study, first of this kind in Macedonia, supported from French government and initiated in 2010, is under preparation from renowned project-consulting company SOGREAH - Carbonium – France. The location of the solar field would be near the power plant and it would generate about 45 MWth.

This project is still in the planning phase, and may be interesting for potential investors from the respective industry.

- **MEPSO Rehabilitation and Control Project**

MEPSO (the electricity transmission system operator (TSO) in Macedonia) intends using the proceeds of a loan from the European Bank for the Rehabilitation and Modernization of Transmission Grid and Power System Control Project.

The proposed project has a total estimated cost of about Euro 40 million to be financed by the Bank and MEPSO's own funds and will cover:

1. Supply and Installation of equipment for the rehabilitation of the 110kV transmission line;
2. Supply and Installation of Remote monitoring, video supervision, controlling and adjustment of substations;
3. Supply and Installation of telecommunication equipment for closing of optical network in the transmission grid and preparation of a model for maximum utilization;
4. Supply and Installation of high voltage and protection equipment for sub-stations.

MEPSO published a call for submission of expressions of interest for consulting services to the Project (technical), and it is expected that upon the selection of the consultant, MEPSO will initiate procurement procedures. Potential suppliers may require legal services in pursuing the project.

INFRASTRUCTURE; TRANSPORTATION

- **Tram in the city of Skopje**

The city of Skopje published a tender for collection of bids for a PPP project related to design, construction, financing, managing and transfer of light rail system for transportation of passengers in Skopje, using a concession model for 35 years.

The concession includes: (i) planning of the infrastructure in one tramway line; (ii) preparation of environmental impact assessment study; (iii) construction of line 1 route with length of 12,1km (24,2km in both directions); (iv) construction of stations, depot and other necessary infrastructure; (v) procurement of at least 22 tram cars; and (vi) operation and maintenance of the line during the period of the PPP Contract.

The estimated value of the project is Euro 243.000.000.

The term for submission of bids is 08 May 2014.

- **Amusement Park in Skopje**

The city of Skopje published a call for collection of bids in a PPP project, using a concession model. for financing, design, construction, operation and maintenance of an amusement park in the city of Skopje. The term for submission of bids is 28 February 2014.

- **Reconstruction of the railway Bitola – Greek border**

The EC approved the funds for this project for rehabilitation of 17km railway. The estimated value is in the range of Euro 10.000.000.

Public tender is expected in February or March 2014.

- **Construction and dislocation of the railway Skopje - Veles**

The new (dislocated) railway is predicted as two ways corridor with constructed speed of 160 km/h. The construction period for dislocation of the railway is 3 years and must be finished before starting of the dam construction in the projected Vardar Valley project. The project documentation is on the level of primary design for construction of the dam “Veles” and for dislocation of the railway.

- **Construction of a garage and helipad in Skopje**

A construction of a two store garage and helipad, with a total of 2,500 parking spaces, is planned in the Clinical Center "Mother Teresa" in Skopje through contracts for public-private partnership. The private partner in the project is expected invest Euro 21,300,000.

- **Construction of gas stations and service centers**

The Ministry of Transport and Communications of the Republic of Macedonia published an advertisement for sale of state land in the municipalities of Veles, Stip, Demir Hisar, and Rosoman. The land should be used for construction of gas stations and service centers along the highway Corridor 10.

INVESTMENT OPPORTUNITIES

- **Eurokomposit AD Prilep**

The Ministry of Economy published a call for submission of expression of interest for the investors interested for Prilep’s factory Eurokomposit. The company is 100% Government owned. The latest info about the company says that the total number of employees is 308. Eurokomposit is ISO 9001 certified and its product are UL approved . The capital equals Euro 17.840.376 and is divided into 3.489.219 ordinary shares with nominal value of EUR 5.11. The Company has extensive expertise and experience in production of special-purpose products since 1952, which includes civilian production program (wound products, spare parts for locomotives, honey comb, molding composites) and military production program (rocket launchers, ballistic helmets and vests, mortar shells, bayonets, upgrades of military vehicles). Its partners include Hyundai Heavy Industries, Hefley Test AG, Passion – Villa, Concur, etc.

100% of shares is offered for sale. The term for submission of the expression of interest is 02 May 2014.

- **EMO – Horrid**

The Ministry of Economy of the Republic of Macedonia published a call for submission of expression of interest for purchasing majority stake in EMO AD Horrid. EMO is a manufacturer and supplier of electro-mechanical components and systems, with design, manufacturing and installation capability. It currently has 285 employees. The Government intends to sell majority of the Company's share capital. The term for submission of the expression of interest is 02 May 2014.

MONTENEGRO

1. FIRM PROFILE

BDK Advokati / Attorneys at Law is a full-service law firm whose reputation is recognized by all major legal directories (Chambers Europe, Chambers Global, Legal 500). BDK partners are ranked among leading lawyers in their areas of expertise.

BDK combines local law expertise with comparative law perspective and applies international standards in legal services business. The firm has teams specialized in different areas of laws (M&A and Corporate, Dispute Resolution, Real Estate, Finance, Insolvency & Restructuring, Competition, Employment, Tax, Intellectual Property), as well as multi-disciplinary teams focused on specific industries (Energy & Natural Resources, Telecom & Technology, Media & Entertainment, Food & Agriculture). We maintain an EU law desk within our office, which allows to keep track of EU *acquis* that profoundly affects local legal environments, even if the countries we cover are not member states. BDK's sustainably growing team currently comprises 26 fee earners.

Languages spoken at BDK include Serbian/Montenegrin/Croatian/Bosnian, English, German, French, Hungarian, Hebrew, and Italian.

For more information please visit www.bdklegal.com.

2. DEALS IN THE PIPELINE

2.1 Energy & Mining

- Bankruptcy of KAP, aluminium smelter with bauxite mines, resulted in arbitration between Russian Basic Element and Montenegrin Government. Sale of the assets is pending with the uncertain outcome as only one offer (of the local investor) was received. State is major creditor.
- Construction of new coal-fired TPP in Pljevlja/Maoče along with a coal concession.
- Wind-farm projects in Krnovo and Možura. Total estimated installed capacity 120 MW. Opportunity for financing. Total investment value in excess of EUR 120 million.

2.2 Infrastructure

- Extension of Tivat airport.
- Financing of the projects for construction of Kotor-Cetinje cable car and Kotor lift. EBRD will provide part of the financing. EUR 30-35 million to be sought on the market.
- EXIM Bank to finance construction of Bar-Boljare highway.

2.3 Other opportunities

- Privatization of Montenegrin Post.
- Privatization of Tobacco Plant in Podgorica.
- Privatization of Montenegro Airlines.
- Privatization of Health and Recreational Institute Igalo (new teaser announced in January 2014)

- Privatization of Shipyard Bijela (three prequalification requests received, including Damen Shipyard and Fincantieri)
- Sale of Dairy Nika (pending).
- Privatization and private sales of many hotels and locations on the coastal area.

ROMANIA

1. FIRM PROFILE

With a team comprising 115 attorneys and 35 counsellors and a support staff of 75 employees, Nestor Nestor Diculescu Kingston Petersen (NNDKP) offers integrated legal and tax advice to companies in Romania and abroad.

Our insight into local and international business, combined with impressive resources, serves to optimize business structures and solve complex legal and tax disputes through efficient solutions in virtually all fields of activity. Our vision integrates state-of-the-art legal and tax advice in a unique one-stop-shop experience, designed to support our clients face the challenges of today's economic landscape and capitalize on tomorrow's business opportunities.

NNDKP is constantly top ranked by the most important international legal guides such as Chambers & Partners, The European Legal 500 and IFLR 1000 and was the only law firm in Romania that was awarded thrice (2009, 2012, 2013) "Law Firm of the Year in Romania" by Chambers Europe. The firm was also recognized, for the third time in a row, "Best Romanian Law Firm" at Euromoney's "European Women in Business Law 2013".

"This domestic powerhouse maintains its position as one of the most dominant forces in the market. [...] 'I would be surprised if there is a better firm out there in Romania'.", comments Chambers & Partners in its 2013 edition. For more information please visit www.nndkp.ro.

2. DEALS IN THE PIPELINE

As of 2013, Romania has a newly appointed Government and a new governing programme through 2016 that includes a number of priority actions which would be conducive of growth in combination with commercially-focused institutional assistance to businesses and a true partnership between the public and private sectors. The implementation of the objectives set in 2013 may nevertheless be impacted by the expected elections for which Romania is preparing in 2014, respectively, by the elections for Romania's representatives in the European Parliament, set for the first half of 2014 and especially by the presidential elections, set for the end of 2014.

2.1 Energy projects

- Construction of units 3 and 4 at Cernavoda NPP – the project, having an estimated value of EUR 4 billion, should be implemented by EnergoNuclear, a project company established in 2009 with shareholders Nuclearelectrica (the only Romanian nuclear company, state-owned), which holds 84,65%, Arcelor Mittal, which holds 6.2% and ENEL, which holds 9.15%. The project remained opened to new investors where the Nuclearelectrica's participation in EnergoNuclear shall not be under 40%;
- Sale on the capital market of some of the shares held by the Romanian state in Hidroelectrica – the largest hydro generator;
- Sale of part of Hidroelectrica's micro-hydro power plants projects;
- AGRI Project (Azerbaijan – Georgia – Romania Interconnector) – AGRI involves the transport of Azeri natural gas through Georgia and crossing the Black Sea, based on LNG technology;

- 11th Round of public bid – the organization of the 11th round of public bid by the National Agency for Mineral Resources is expected to be achieved during 2014 or 2015. The bid will include 20 mature oil&gas blocks. In addition, in 2014 it is expected to be organized a separate tender for ten blocks which have not been concessioned under the 10th round;
- Privatization of Electrica SA – a first public offering is announced for the sale of newly issued shares in Electrica SA (one of the largest companies in the electricity distribution and supply sector) representing 105% of the current share capital thereof;
- Privatization of part of Complexul Energetic Hunedoara SA – the state-owned company covering 5% of the energy production in Romania;
- Privatization of part of Complexul Energetic Oltenia SA – a company resulting from the merger of several state owned thermal-power plants and a lignite company, playing key role in Romania’s energy security.

2.2 Infrastructure projects

- Road Infrastructure (Motorways): Construction of several Romanian motorways or sections thereof (among which, Câmpia Turzii-Târgu-Mureș, Pitești-Râmnicu Vâlcea, Ungheni-Târgu-Neamș-Bacău, Bucharest-Buzău-Focșani, Bucharest-Alexandria, Craiova-Calafat, Sibiu-Brașov and Brașov-Bacău);
- Subway Infrastructure: Construction of Bucharest subway mainline no. 7 Bragadiru - Voluntari (concession or public-private partnership);
- Railway Infrastructure: High-Speed Railway on Pan-European Corridor IV (connecting the Western border of Romania with the capital city) and Rehabilitation of Pan-European Corridor IV Railways (a) Brașov –Simeria and (b) Border – Curtici – Simeria;
- River-Maritime Infrastructure: Danube-Bucharest Canal (public-private partnership) and Rehabilitation of Danube-Black Sea Canal;
- Aviation Infrastructure: Modernization and expansion of several Romanian airports (with a focus on the airports of Bucharest - Henri Coanda, Cluj, Constanta and Baia Mare);
- Irrigation Infrastructure: Development and modernization of Romanian irrigation systems, with a priority given to the completion of the primary irrigation infrastructure (Siret-Baragan Canal);
- Integrated IT System for Cadastre and Immovable Property Publicity;
- Integrated IT System for Electronic Access to Justice.

2.3 Capital markets and privatization

- Equity capital market – the government contemplates the privatization through the capital markets of several utilities/energy companies, as well as Romtelecom, the leader of the fixed line telecommunications, by means of IPOs on the Bucharest Stock Exchange and, possibly, dual listing on another EU regulated market;

- Debt capital market – EBRD has engaged to support the development of Romania’s capital markets, by launching a €150 million programme to back medium- to long-term bonds issued by the country’s financial institutions. In 2013 two major banks (Unicredit Bank and Banca Transilvania) successfully accessed this programme.

2.4 Other potential upcoming privatizations

- Privatization of Oltchim – the plan is the majority stake in Oltchim (*i.e.* 54.8%) to be sold;
- Privatization of Posta Romana – an investor to buy 20% from the national mail company shall be found by mid-2014;
- Privatization of CFR Marfa, after a restructuring of the company will be finalized.

SERBIA

1. FIRM PROFILE

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For more information please visit www.bdklegal.com

Field Code Changed

2. DEALS IN THE PIPELINE

2.1 Energy

- Privatization of the minority stake in the state-owned power company EPS (generation), most likely through capital increase. Legal unbundling has been completed.
- Reversible power plant Bistrica with estimated installed power 680 MW. Feasibility study is currently being finalized. MoU is signed between EPS and the consortium SNC Lavalin and China Nuclear Power Engineering. The investment value is expected to be ca. EUR 600 million. The financing is still not secured. The estimated time for commencement of the construction is in 2015 and the operational phase should be reached in 2020. The project is extremely important in the regional context as potential supplier of peak.
- Construction and financing opportunities around South Stream project.
- The investments in the renewable sector are expected to increase as far as a new regulatory framework is being adopted. The current problems in the sector include: too short construction deadlines; the status of privileged producers is granted only to wind and solar projects; separate regulatory regimes applicable to construction of generation and transmission facilities.
- Many small HPP's projects are on sale (some hpp's are active while some are still under construction).
- Certain number of wind farms are for sale.

2.2 Infrastructure

- Belgrade metro project (first phase). Feasibility study completed by Alstom and EGIS Group. Preliminary design preparation commenced in September 2013. The possibility of direct award of the contract to Alstom is contemplated but is not certain. Still to be decided whether the project will be pursued as construction contract or concession. Estimated value of the first phase: EUR 700 million. EBRD confirmed interest in financing the project. Given the size, private financing will be required as well.

2.3 Other M&A Opportunities

- Sale of Telekom Srbija (with subsidiaries in Republika Srpska and Montenegro). The deal value is expected to reach EUR 3b.
- Sale of DFG group of companies (Dairy, Confectionary and Water business).
- Victoria Group (edible oil producer and food commodities trading). Sale of certain parts of the group possible but unconfirmed.
- Kappa Group (paper business) ready to discuss potential sale. The same group has a strong confectionary brand (Jaffa) which business is not for sale at the moment.
- Farmakom Group (dairy, mines, steel mill, car batteries, even newspaper) is in financial restructuring. IFC is major creditor. Sale of certain parts of the group possible.
- Sale of Orion Telekom (land line, internet, cable operator).
- Sale of Mladost AD, one of the major producer of building materials in the region.
- Sale of Rubin, major spirit and wine producer in Serbia. The same individual owns a tobacco and edible oil company which could be also part of the discussion.
- Sale of Farmeks, pharmaceutical wholesaler and retailer with great presence in the region of Vojvodina.
- Sale of Pharmaceutical state owned company Galenika.
- Potential cooperation or even JV with Pharmaceutical Institute Torlak
- Sale of major publishing company Politika AD.
- Many real estate project under development (hotels, shopping malls, residential) for which the financing is required.
- Privatization of agricultural conglomerate PIK Becaj
- Sugar plants owned by Hellenic Sugar and Italian group Finanziaria Saccarifera Italo-Iberica S.p.A.

SLOVENIA

1. FIRM PROFILE

Odvetniki Šelih & partnerji, o.p., d.o.o. is a full service business law firm that continues the tradition of a partnership established in 1961.

We are a client oriented team: we are working hard to understand our clients' business goals and develop relationships which endure through good times and bad. We try to anticipate and head off potential legal issues for our clients before they become commercial issues. We are absolutely committed to professional excellence and the highest levels of responsiveness, and we pay meticulous attention to detail. This discipline, in addition to our hard work, knowledge and dedication to the highest level of ethical values, ensures our clients receive practical, precise and individually tailored legal advice.

For more information please visit www.selih.si.

Field Code Changed

2. DEALS IN THE PIPELINE:¹

2.1 Investments to be sold according to the Slovenian stability and reform package (the process is ongoing):

- ADRIA AIRWAYS d.d. – passenger air transport company with state participation of 71,95%;
- AERO, d.d. – a manufacturer of paper and paperboard with state participation of 32,60%;
- ELAN, d.o.o. – a manufacturer of sports goods with state participation of 66,37% ;
- HELIOS Domžale, d.d. – company providing business and other management consultancy activities with state participation of 17,85%;

2.2 Investments to be sold according to the Slovenian stability and reform package (the process is to begin):

- AERODROM LJUBLJANA, d.d. – company providing service activities incidental to air transportation with state participation of 64,85%;
- ADRIA AIRWAYS TEHNIKA d.d. – company providing repair and maintenance of aircraft and spacecraft with state participation of 53,33%;
- NOVA KBM d.d. – company dealing with monetary intermediation with state participation of 81,71%;
- TELEKOM SLOVENIJE, d.d. – a company providing wired telecommunications activities with state participation of 72,38%;
- CINKARNA Celje, d.d. – a manufacturer of dyes and pigments with state participation of 31,42%;

¹ Source:

http://www.vlada.si/medijsko_sredisce/sporocila_za_javnost/sporocilo_za_javnost/article/8_redna_seja_vlade_rs_38631/; <http://www.so-druzba.si/sl-si/upravljanje-nalozb/prodaja-kapitalskih-nalozb>

Field Code Changed

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- GOSPODARSKO RAZSTAVIŠČE d.o.o. – a company organizing conventions and trade shows with state participation of 29,51%;
- PALOMA d.d – a manufacturer of household and sanitary goods and of toilet requisites with state participation of 71,01%;
- PETROL d.d. (stake of certain minority shareholders) – an energy company operating road (gas) service stations;
- TERME OLIMIA BAZENI d.d. – a company providing general cleaning of buildings with state participation of 49,70%;
- UNIOR d.d. – a manufacturer of hand tools with state participation of 44,97%;
- ŽITO, d.d. – a manufacturer of bread, manufacture of fresh pastry goods and cakes with state participation of 27,24%.

2.3 Companies in distress which are restructured or will be restructured

- Trimo d.d. – production of insulation materials;
- Cimos d.d. – subsidiaries such as Cimos Titan – chemical industry, Litostroj Power – production of equipment for hydro power plants, industrial equipment;
- Steklarna Rogaška – glass production;
- Steklarna Hrastnik – glass production;
- Letrika d.d. – car industry, electrical equipment;
- Intereuropa d.d.- forwarding agency;
- Istrabenz Turizem - hotel business;
- Radenska – mineral water;
- Večer, Delo – newspapers;
- Litostroj Steel – turbine and other steel products

2.4 Infrastructure projects

- intended privatization of Aerodrom Ljubljana d.d.: airport in Ljubljana;
- Plinovodi d.d. /Južni tok (South Stream): investment in gas transmission network;
- DARS d.d., the motorway company: debt has to be restructured; potential privatization;
- Luka Koper – port: discussions about privatization, so far no political decision on privatization;

TURKEY

1. FIRM PROFILE

Established in 2006, Kolcuoğlu Demirkan is a leading law firm offering a wide range of legal services to both domestic and international companies and institutions in Turkey.

Kolcuoğlu Demirkan has adopted the philosophy of providing the highest quality of integrated legal services in every area of law with a particular strength in M&A, corporate law, banking & finance, capital markets, dispute resolution, energy & infrastructure, real estate and employment. The Firm advises and represents clients in various industries including aerospace, banking, investment funds, insurance, pharmaceuticals, manufacturing, retail, technology and has expanded its clientele through retention by worldwide corporates.

The Firm is ranked in high tiers and recommended as a leading law firm by Legal 500, IFLR 1000 and Chambers & Partners in various areas. According to the recent MergerMarket listings, the Firm is also ranked among the top law firms in Turkey in terms of number and volume of transactions.

For more information please visit www.kolcuoglu.av.tr.

Field Code Changed

2. DEALS IN THE PIPELINE

The Turkish economy has shown remarkable performance with its steady growth over the last 10 years. This trend is likely to continue during the next decade maintaining Turkey in the top rankings in terms of economic scale, foreign direct investment flow and export potential. Consequently, Turkey's competitive advantage in the international business arena will continue to capture investor's attention both domestically and globally.

Sound economic and demographic fundamentals put in place together with fiscal policies increased the resiliency of the financial sector while the state's major structural reforms enhanced the role of the private sector. Moreover, Turkey is willing to increase its foreign trade volumes threefold in the next 10 years and to open up to new export markets. As a result, Turkey took a leading role in the globalized world and unlocked the investors' appetite worldwide.

Furthermore, Turkey's unique geo-political location at the cross-roads of the energy trade boosted up the number of large to mega scale energy infrastructure projects. Subsequently, the Turkish energy industry witnessed significant deals, starting with the privatization of the power distribution entities, followed by the on-going privatization of state-owned power generation assets, and continuing with multi billion pipeline investments to bridge the gas-rich East to the energy thirsty West.

Liberalization in Turkey's energy markets is continuing at a fast pace while Turkey Electricity Generation Company (EUAS) assets are being privatized, day-ahead and balancing markets have approximately 25% of trade volumes and future markets already established although still not liquid.

The key industries to continue to grow in 2014 in terms of the number of large scale projects are transportation & infrastructure, energy & natural resources, power generation, healthcare, tourism, and automotive sectors. Moreover, food and beverages, R&D in technology and healthcare and alternative energies will offer significant deals for investors.

Some of the projects are listed below.

2.1 Transportation & Infrastructure

- New roads are planned under the PPP model, mostly tendered as Build, Operate & Transfer (BOT) scheme and are due to be completed by the end of 2023. The major road BOT/privatization projects are the Bosphorus Car Tunnel Project, the Gebze - Izmir Motorway Project, the Izmit Bay Crossing Project, the 3rd Bosphorus bridge and the Northern Marmara Toll Motorway, the privatization of existing toll motorways and bridges for 25 years (transfer of operating rights), and expected new motorway and bridges projects to connect major cities such as the Çanakkale Bridge on Çanakkale strait, as well as the Ankara-Izmir motorway.
- A future landmark is the Çanakkale Bridge Project, with an approximate value of USD 3.5 billion.
- Construction of high speed railway lines is underway between the major cities such as Ankara and Istanbul as well as Ankara and Izmir. Construction of 10,000 km of high speed and 4,000 km of new conventional railways lines is also expected.
- Airport projects that are in the tender or construction stage include Kütahya Regional Airport Project, Izmir Adnan Menderes Renovation Project, Çukurova Airport and Aydın Airport. Others expected to be tendered based on a BOT basis include the Ordu - Giresun Airport. The tendering of the 3rd Airport for Istanbul has been finalized and the project was awarded to the consortium of Cengiz – Kolin - Limak – Mapa – Kalyon OGG– at USD 30 billion in May 2013.
- The proposed privatization portfolio of ports includes Izmir, Kalamış, Kalamış-Fenerbahçe, Derince, Salıpazari, Tasucu Yacht Port and Zonguldak - Filyos.
- The following marinas have completed the tender process and are now in the construction stage: Dalaman, Datça, Gazipaşa, Muğla - Oren, and Kumkuy, Karasu.

2.2 Energy Transits

- After the success of the Baku-Tbilisi-Ceyhan Crude oil pipeline, several natural gas transportation projects such as Nabucco, Interconnector Turkey – Greece – Italy (ITGI), the Trans-Adriatic Pipeline (TAP) and the Trans Anatolian Pipeline Project (TANAP) became widely discussed. An Intergovernmental Agreement has been signed for TANAP between Turkey (BOTAŞ) and Azerbaijan (SOCAR) for the construction and operation of the pipeline.

2.3 Power Generation and Distribution

- Turkey's current power generation capacity of 50 GW is expected to increase to 87 GW by 2020. This will be achievable mainly by green-field developments and increasing the share of

renewable energies in the generation portfolio. Turkey aims to increase its renewable energy share to 30% by 2023, while the current ratio is around 10% excluding hydro power assets.

- Considering that Turkey has 45 GW of realistic total hydro capacity – the second largest in Europe, (17 GW in operation), there is a lack of capital to tap in its entire potential. A rough estimate puts the total investment cost of ongoing hydropower projects in Turkey at between USD 15-20 bn. A potential M&A market exists as many financially distressed companies hold licenses with the obligation to develop their assets.
- The Privatization Administration announced the privatization of 28 hydroelectric power plants. These power plants will be privatized through six portfolios, two of which will be mixed portfolios with lignite and natural gas fired power plants. Lignite, fuel oil and natural gas fired 13 other plants will also be privatized through five portfolios, two of which mixed with hydro power plants.
- The privatization of thermal assets started with Seyitömer, Hamitabat and Kangal in 2013.
- The privatization of electrical and gas distribution companies was completed in 2013.
- The Russian State Nuclear Energy Corporation, Rosatom has commenced construction of the Akkuyu Nuclear Power Plant, the first of its kind for Turkey, and is expected to be completed in 2014. The tender for a second nuclear power plant in Sinop was granted in May 2013 to the consortium comprised of Japanese MHI and Itochu together with French GDF-Suez. Studies have commenced for a third nuclear power plant.

2.4 Healthcare

- Following regulatory changes in 2006, Turkey is currently promoting a PPP model integrating infrastructure and clinical services to meet the investment needs for new healthcare zones. The zones will bring together hospitals, doctors, medical services, clinical and clinical support services, hotels, shopping centers and related commercial services, etc. Some of the projects still in pre-qualification and qualification phases are Istanbul Bakırköy Integrated Health Campus, Istanbul Üsküdar Public Hospital, Eskişehir City Hospital, Kocaeli Integrated Health Campus, TPHA, TPMDA Campus, Bursa Integrated Health Campus, Isparta City Hospital, Izmir Bayraklı Integrated Health Campus.
- In addition, a biotechnology campus is to be established with the corporation of Ministry of Development, Dokuz Eylül University and the Izmir Development Agency. This campus will be the first thematic health techno-park in Turkey as well as Turkey's first transnational research center. The international biomedical center is expected to attract both domestic and international enterprises involved in production of domestic drugs, medical technology as well as stem-cell treatment.