

**GOVERNMENT OF MONTENEGRO
MINISTRY OF TOURISM**

ANNOUNCES A PUBLIC INVITATION FOR BIDS

**FOR THE LONG-TERM LEASE OF ADA BOJANA, INCLUDING THE REQUIRED DEVELOPMENT
AND CONSTRUCTION OF AN EXCLUSIVE RESORT COMPLEX**

The Ministry of Tourism, on behalf of the Government of Montenegro, invites experienced international investors with demonstrated financial capacity and experience in the design, construction, operation and marketing of exclusive resort properties to submit bids for the long-term lease of Ada Bojana, a large and unique site located on the Adriatic coast, including the obligation to construct an exclusive resort complex at this location. The intent is to assure the appropriate and comprehensive development of this once renowned destination into a unique, upscale and multifaceted resort complex, offering a range of leisure and recreational activities in a manner that is conceptually, aesthetically, functionally and ecologically consonant and harmonious with the natural beauty and ecological richness of the site.

Ada Bojana, situated on Montenegro's southern Adriatic coast, includes a large nature park whose biodiversity is protected. The area to be leased (which includes the full island) is approximately 500 hectares in size with shoreline of approximately 3.5 kilometers. The island is flanked on both sides by branches of the Bojana River, which flows into the Adriatic. The island's beachfront is 2,750 meters in length, with an average beach width of 30 meters. The wide sandy beach, which is constantly reinforced by sand accretion from the Bojana River, and the beautiful inland areas available for recreation make this site unique in scale and character in the region. The ecological richness and diversity of the island is a function of the myriad of indigenous flora and fauna, and their natural habitats which together offer a rich environment unique on the Adriatic and Mediterranean coasts.

Pursuant to the regional Master Plan for the Region of Ulcinj for the development of high-quality tourism, the capacity of this component of the overall development plan for the region should be up to 2,500 hotel beds, depending on the type of complex which is ultimately defined. It is intended that the complex will include at least one, and possibly several, hotels designed and operated at a four star plus and five star international standard, to be operated by a well known and recognized international hospitality brand or brands.

In order to be considered, a Bidder must satisfy each of the following requirements (the satisfaction of which shall be clearly and completely demonstrated within any Bid). A Bidder may submit the Bid as a single entity, or on behalf of a consortium, so long as the bidding entity, including any associated members of a bidding consortium, collectively meet the following requirements:

- *The Bidder must be, or must include as part of the Bid (and in such case give clear evidence of the ability to conclude a long-term management agreement with) an international hotel operator and brand that is well known and recognized internationally for the successful operation of resort properties similarly situated to the subject property or properties at a four-star-plus or five star level. Such operator shall be recognized for exceptionally high design and operational standards, and must bring substantial and relevant brand and marketing power and resources to the subject property or properties.*
- *The Bidder must be experienced in the planning, development and operation of similar projects of substantial complexity and environmental sensitivity, targeted at a demanding and upscale international clientele, and must have the technical experience and expertise to assure timely, complete and comprehensive compliance with the spatial, aesthetic, architectural, engineering, technical and regulatory requirements of a complex, large-scale, and environmentally sensitive project such as this.*
- *The Bidder shall have at least 10 years of continuous experience in constructing, marketing and operating multiple hotels of an international four-star-plus standard or above.*
- *The Bidder must demonstrably and verifiably have available the funds for the financing of this project, according to the time schedule specified in the Instructions to Bidders.*

As described above, the Bidder may enter into a long-term management agreement with one or more international operators of hotels that satisfy the quality and experience criteria specified herein. Such brand or brands must be clearly specified and included as an integral part of the Bid.

The Bidders are, *inter alia*, expected:

- to submit a preliminary development and design concept for Ada Bojana that conforms to the Regional Master Plan for the Region of Ulcinj, that includes architecture, design and engineering of the highest international standard, and that reflects a style and aesthetic sensibility entirely consonant with, and complementary to, the natural environment;
- to ensure that the properties constructed are of the highest international design standard, utilizing materials and finishes that are typical of leading luxury hotels and resorts worldwide, and offer a unique and enduring appeal to even the most discerning of international customers;
- to operate and maintain the island's natural preserve;
- to pay an annual rent based on turnover, subject to a guaranteed minimum rent. The amount and structure of the rent to be proposed by the Bidder will be an important criterion for the evaluation of the Bid. Rent based on turnover will be subject to a minimum of at least 2.5 million Euros per year.
- to make a minimum investment of 75 million Euros during the 36 months subsequent to the signing of the Lease Agreement.

The Lease Agreement will be signed for a period of up to 30 years, with the possibility of renewal of the agreement for additional periods of 15 years per renewal, to be specified under the final terms of the Lease Agreement.

Detailed information on Ada Bojana Island and on the tender process is included in the Tender Documents (Instructions to Bidders, Information Memorandum, and Draft Lease Agreement). These Tender Documents are available to interested parties for ten thousand Euros (EUR 10.000).

Upon receipt of a request for the purchase of Tender Documents, the Ministry of Tourism will forward to the applicant instructions for payment of the Tender Documentation Fee as well as a Statement of Confidentiality to be signed by the Bidder and returned to the Ministry, after which the Tender Documents will be forwarded to in paper or electronic form, as specified.

The deadline for submission of the final binding Bids by the Bidders is July 5, 2006 at 5.00 p.m. (local time). The Bids are to be submitted to the Ministry at the address below.

Along with the Bid, the Bidder shall submit a Bid Bond in favor of the Privatization Council in the amount of EUR 350,000 in the form of an unconditional bank guarantee payable on first demand and issued by a reputable international bank, or in the form of a deposit in the same amount paid into the account of the Privatization Council, as specified under the Tender Documents.

All communications and inquiries relating to this Public Invitation should be forwarded to:

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