

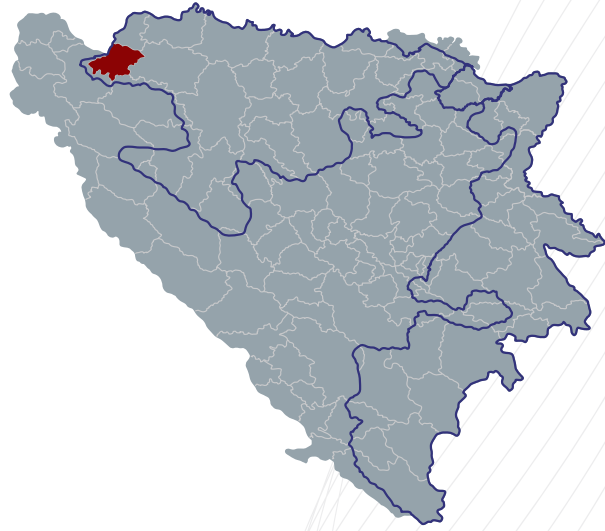
NOVI GRAD INVESTMENT SUMMARY



GEOGRAPHICAL POSITION



Position of Bosnia and Herzegovina (BiH) in Europe



Position of Novi Grad in Republika Srpska and BiH

GENERAL INFORMATION

Novi Grad Municipality is located in the North-West part of Republika Srpska, Bosnia and Herzegovina, at 45° 02' 45'' northern geographical latitude and 16° 22' 49'' eastern geographical longitude, bordering the Republic of Croatia, i.e. the market of the European Union with 494 million consumers.

Entity	Republika Srpska with Banja Luka as the administrative center
Population	Unofficial, as per the census from 2013: 28,977
Surface area	470 km ²
Climate	Moderate continental
Degree of development	Moderately developed municipality
Municipality budget	4,714,850 €
Municipality Mayor	Snježana Rajilić, M.Sc.
Address	Petra Kočića no. 2, 79220 Novi Grad
Telephone, fax,	Tel: + 387 52 751 247, Fax: +387 52 751 555
E-mail	nacelnik@opstina-novigrad.com
Web page	www.opstina-novigrad.com

WHY INVEST IN NOVI GRAD

- Municipality Novi Grad has a long-standing tradition in processing industry, primarily in wood, textile, and metal industry, with the share of these industrial branches of 23.3% in the overall municipality income, with 35.8% in the number of businesses and with 32.2% in the number of job-holders in the municipality;
- Municipality has made available to investors the Industrial zone Poljavnice, 75 ha of surface area, with possibilities for new greenfield and brownfield investments and joint ventures;
- To improve business environment, the Municipality has implemented reforms by reducing the administrative fees and utility charges and by applying the proactive approach to investor support and aftercare.

CONTACTS FOR SUPPORT TO INVESTORS

Municipality Novi Grad	<ul style="list-style-type: none"> Department for Industry and Agriculture – Tel: +387 52 720 450 E-mail: ozp@opstina-novigrad.com, larng@teol.net Department for Local Economic Development – Tel: +387 52 720 460 E-mail: ljljana.grab@opstina-novigrad.com Local Agency for Municipality Development – Tel: +387 52 720 690 E-mail: infoag@teol.net
Republika Srpska (RS)	Web page of the RS Government for investment promotion: www.investsrpska.net

LOGISTICS AND TRADE INFRASTRUCTURE

<p>International road transport</p> <p>Border crossings with the Republic of Croatia (CRO) / European Union</p>		<ul style="list-style-type: none"> Border crossing for passenger transport Novi Grad (BiH)-Dvor (CRO) Border crossing with all inspection controls Gradiška (BiH) - Stara Gradiška (CRO) - 90 km away Border crossing for transport of fruits and vegetables, verifying compliance with market standards Izačić (BiH)-Ličko Petrovo Selo (CRO) - 80 km away Border crossing for passenger and cargo transport Gradina (BiH)-Jasenovac (CRO) - 60 km away
<p>Main roads</p> <p>Highways</p>		<ul style="list-style-type: none"> Municipality Novi Grad is located on M14 main road (section Kozarska Dubica-Kostajnica-Novi Grad-Bihać) and M4 main road (section Novi Grad-Prijedor-Banja Luka) and in the vicinity of Banja Luka-Gradiška highway (87 km away) and Zagreb-Belgrade highway (Gradina-Jasenovac 60 km away) Municipality Novi Grad is 167 km away from the future trans-national highway Corridor Vc, connected with TEN network as a part of the Pan-European corridor, recognized as the main regional transport project connecting Budapest (HUN), via Osijek (CRO) and Sarajevo (BiH) to Ploče harbor (CRO)
<p>Railway transport</p>		<ul style="list-style-type: none"> Novi Grad is a railway node with the following directions: Banja Luka and Bihać (BiH) and Zagreb (CRO) Border crossing for international railway transport of passengers, vehicles and cargo: Dobrljin (BiH)-Volinja (CRO) 15 km away
<p>Airports</p>		<ul style="list-style-type: none"> Banja Luka -87 km away Zagreb -107 km away
<p>River ports</p>		<ul style="list-style-type: none"> Šamac (Sava River) - 216 km away Brčko (Sava River) - 260 km away
<p>Sea harbors</p>		<ul style="list-style-type: none"> Rijeka (CRO) - 236 km away Split (CRO) - 268 km away Ploče (CRO) - 370 km away

HUMAN RESOURCES

<p>Labor force - employment</p>	<p>Municipality has 4,000 job holders, of whom:</p> <ul style="list-style-type: none"> 666 in processing industry and agriculture 810 in trade 569 in transport and services 313 in public sector 400 in education 227 in catering
<p>Employment by groups</p>	<ul style="list-style-type: none"> Small and Medium Enterprises with 1,534 employees Crafts and entrepreneurs with 1,019 employees Public institutions with 1,290 employees
<p>Educational structure and educational profile</p>	<ul style="list-style-type: none"> 1 higher education institution – 7 faculties and 14 educational profiles 2 high schools with 20 educational profiles in the mechanical engineering, business and legal, economics, electrical engineering, trade and transportation 4 elementary schools



University centers and educational profiles	<ul style="list-style-type: none"> University Apeiron Banja Luka – section in Novi Grad with the following faculties and educational profile: <ul style="list-style-type: none"> Faculty of Transport – Bachelor of Transport Engineering; Faculty of Legal Sciences – Bachelor of Law and Bachelor of Business Law; Faculty of Information Technology – Bachelor of Information Technology; Faculty of Philological Sciences – Professor of Russian Language and Literature and Bachelor of Philology - Interpreter; Faculty of Business Economics – Bachelor of Economics; Faculty of Sports Sciences – Bachelor of Management in Sports, Bachelor in Coaching and Professor of Physical Education; Faculty of Health Sciences – Bachelor of Nursing, Bachelor of Health Care Management, Bachelor of Physical Therapy and Bachelor of Medical and Laboratory Engineering. University of Banja Luka and ICBL (Banja Luka Innovation Center) – 90 km away.
Educational structure and educational profile	20 educational profiles in 2 high schools (mechanical engineering, business and legal, economics, electrical engineering, trade and transportation, etc)
Average net/gross salary	<ul style="list-style-type: none"> Novi Grad Municipality: net salary 723 KM, gross salary 1,186 KM. Republika Srpska: net salary 818 KM, gross salary 1,349 KM

CHARACTERISTICS OF THE LOCAL ECONOMY

Number and size of businesses – small and medium enterprises (SMEs)	137 active businesses: <ul style="list-style-type: none"> Micro (up to 9 employees) 103 or 75.2%, Small (from 10 to 49 employees) 24 or 17.5%, Medium (from 50 to 249 employees) 10 or 7.3%. 												
Main branches of the small and medium enterprises industries with percentage share	<ul style="list-style-type: none"> Agriculture 1.5% Processing industry 23.3% Trade 62.8% Transport and services 4.3% Extraction of ore and stone 1.2 % 												
Financial operations of small and medium enterprises	<table border="1"> <thead> <tr> <th>Description/year</th> <th>2011 in KM</th> <th>2012 in KM</th> </tr> </thead> <tbody> <tr> <td>Total income</td> <td>162,520,310</td> <td>169,626,272</td> </tr> <tr> <td>Total expenditures</td> <td>158,947,658</td> <td>165,010,247</td> </tr> <tr> <td>Net profit</td> <td>5,648,322</td> <td>6,411,353</td> </tr> </tbody> </table>	Description/year	2011 in KM	2012 in KM	Total income	162,520,310	169,626,272	Total expenditures	158,947,658	165,010,247	Net profit	5,648,322	6,411,353
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Total expenditures	158,947,658	165,010,247											
Net profit	5,648,322	6,411,353											
Percentage share in the processing industry	<ul style="list-style-type: none"> Wood industry 30.5% Textile industry 7.9% Metal industry 7.3% Food industry 52.3% Other 1.9% 												
Operations of the processing industry	<table border="1"> <thead> <tr> <th>Description</th> <th>2012 total income in KM</th> <th>Number of employees</th> </tr> </thead> <tbody> <tr> <td>Processing industry – 49 businesses</td> <td>39,582,130</td> <td>578</td> </tr> <tr> <td>Extraction of ore and stone - 1 business</td> <td>2,000,150</td> <td>91</td> </tr> </tbody> </table>	Description	2012 total income in KM	Number of employees	Processing industry – 49 businesses	39,582,130	578	Extraction of ore and stone - 1 business	2,000,150	91			
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Foreign trade exchange of the Municipality	<ul style="list-style-type: none"> The export volume on the annual level is 21.5 million KM, the coverage of imports by exports is 33.8%. In terms of foreign trade partners, products from the Municipality are most present in the markets of the European Union: Italy, Austria, Slovenia and Germany, with textile 38.4%, wood 31.5%, metal 25.1%, or 95% of the total exports. 												
Foreign investors	23 registered foreign businesses, in the following fields: <ul style="list-style-type: none"> processing industry 48% trade 26% transportation and real estate operations 8% construction sector 4% other 14% 												
Market size	Novi Grad Municipality participates with 1.1% in the total income of Republika Srpska												
International trade agreements on the level of BiH	<ul style="list-style-type: none"> Central European Free Trade Agreement (CEFTA) European Union Free Trade Agreement (EFTA) 												

INVESTMENT SECTORS

Wood processing sector:

In the wood-processing sector capacities for greater degree of product finishing are available. Currently, ten companies have well-organized manufacturing, technically equipped capacities and work experience, mostly on the lower level of processing (friezes, pallets, wood elements, etc.), with the annual turnover of 15 million KM and with 250 employed workers. The companies source over 20% of wood assortment raw materials from the North-West part covered by "Prijeđor" Forestry company and from a wider region.

Textile, electrical engineering and metal engineering sector:

Sectors with a long-term tradition and substantial number of available and qualified labor, with the lowest price of labor of 370 KM net, i.e. 630 KM gross. Also available is the Poljavnice Industrial Zone, with 5.2 ha for *greenfield* investments.

- Novi Grad Municipality has two available locations for opening new production: Svodna/2,000 m²/ and Blatna/350 m²/.
- Certain number of companies have manufacturing capacities ready for joint venture with foreign partners, for example "Unamet" AD Novi Grad located in the Poljavnice Industrial zone, with 4,000 m² of surface for manufacturing.

Agriculture sector:

In the agriculture sector, there are potentials and opportunities for activation of farms for calf fattening through cooperative investments, namely 70 facilities for calf fattening (owned by agricultural producers) with production of 25 fattening animals/facility on average per interval. On the annual level, it is possible to make average net profit of 60 KM/animal on the basis of fattening of 1,750 animals, i.e. net profit of over 100,000.00 KM.



Likewise, there are opportunities and potentials in the agriculture sector for activation of farms for:

- Broiler fattening through the cooperative status, activation of 10 facilities (agricultural producers) with 1,000 broilers / farms (5 cycles annually) and net profit of 1.35 KM / bird, i.e. annual net profit of 67,000.00 KM.
- Production of consumption eggs through the cooperative status, activation of 4 facilities (agricultural producers) with production of 500 eggs / farm and average net profit of 12.00 KM /bird, i.e. annual net profit of 25,000.00 KM.

Ores:

Mineral ores of the proven potential is insufficiently exploited. Confirmed reserves of the ores include: 12.7 million tons of crude gypsum, 54.5 million tons of dolomite, 22.0 million tons of lignite, substantial quantities of sand and 14.1 million tons of stone. The ores represent a solid base of raw materials for production of final products in construction, cement and other industries.

AVAILABLE REAL ESTATE IN THE MUNICIPALITY

Name of the locality	Surface area	Ownership	Description of the locality	Business opportunity
Former military barracks in Svodna	5.1 ha	Municipal	Ground floor: 250 m², 1st floor: 800 m², 2nd floor: 800 m² , loading platform, elevator, electricity supplied	<ul style="list-style-type: none"> purchase of the locality joint venture possibility of long-term lease
KOOP Centar Blatna	building surface area of 350 m ²	Municipal	Paved access road, electricity and water supply	<ul style="list-style-type: none"> purchase of the locality joint venture possibility of long-term lease
Motel "ADA" Rakani 	1,162 m ²	Private	Year of construction: 1978 The motel is situated on the road between Novi Grad and Bosanska Krupa.	Opportunity for building purchase Contact: NLB Lizing, Sarajevo
Hotel "UNA" Novi Grad 	3,423 m ²	Private	Hotel "Una" is a privatized building located on the bank of Una River. External dimensions of the hotel are approximately 1,604 m ² . The Hotel is currently not operational.	Opportunity for building purchase
Ravnice Calf fattening farm	6,000 m ²	Private	Owned by "Kozaraprevoz" AD Novi Grad, Capacity: 2,000 animals in fattening 5 halls, 1,200 m ² each	Opportunity for building purchase


PRICES OF UTILITY SERVICES

Prices of utility services with VAT

- Water and sewage: water 2.35 KM/m³, sewage 1.31 KM/m³, water meter maintenance 3.51 KM/month, contribution for used water 0.017 KM/m³, contribution for polluted water 0.047 KM/m³
- Garbage collection and disposal: 0.2745 KM/m²
- Electricity: 0.09992 KM/kwh higher tariff and 0.04896 KM/kwh lower tariff
- Telephone: 19.25 KM monthly subscription
- Internet: 40 KM/monthly subscription

INDUSTRIAL ZONE

Poljavnice Industrial zone is open for greenfield and brownfield investments.

Name of the location	Poljavnice Industrial zone, 3 km away from downtown area
Surface area	75 ha
Description of the locality	<ul style="list-style-type: none"> Regulation Plan for the Industrial zone adopted. Industrial zone consists of two units which cover the following areas: 24.1 ha is a brownfield zone and 50.9 ha is a greenfield zone. 20 businesses in the fields of wood, metal, electrical engineering and textile industry operate in the Industrial zone, with 250 employed workers.
Infrastructure	 <p>Paved access road, electricity network and telecommunications network in place.</p> <ul style="list-style-type: none"> Electricity supply via the ring-shaped underground electricity cable provides an ongoing supply of electrical energy with 20 kW. The substation (TS) Poljavnice 110/20/10 kW, a principal substation of Public Enterprise "Elektrodistribucija" Novi Grad, is located close-by. Telecommunications network with 130 available connections. Water supply system in the zone is in the final completion stage, as the primary water supply line Novi Grad - Dobrljin is adjacent to the zone.
Access to roadways	<ul style="list-style-type: none"> Immediate access to M14 main road. Distance from the railway station and customs terminal in Novi Grad is 3 km, and distance from the railway border crossing is 15 km (Dobrljin).
Prices and terms for land purchase in the Industrial zone	<ul style="list-style-type: none"> Price of land is 3.00 KM/m². Opportunities for land purchase in the greenfield zone. Opportunities for purchase/ rental of the existing business infrastructure in the brownfield zone. Opportunity for purchase greenfield land in the Industrial zone, available surface area for investment is 5.2 ha. Resolution of property affairs for additional 7.8 ha surface area is underway, it will be available for purchase as <i>greenfield</i> investment.
Fees for development of construction land	<ul style="list-style-type: none"> Fast procedure for permits issuance (urban planning permit, construction permit, use permit, business registration). Development fee and lease per 1 m² of building usable area - 11.25 KM; Fee for transformation of agricultural land into non-agricultural land - 2.18 KM per 1 m² on average. Urban planning permit fee - 12.00 KM; Construction permit fee - 37.00 KM; Use permit fee - 27.00 KM Compensation for the work of the Commission for technical inspection of the building - from 200 to 500 KM (depending on the type and size of the building).

AVAILABILITY OF GENERAL SERVICES

- Business registration is provided by the one stop shop of the Agency for Business, Information and Financial Services (APIF), Novi Grad branch office, street Vožda Karađorđa 15, within 3 days. Link: www.apif.net
- 7 commercial banks provide financial services
- 2 public notaries provide notary services
- 13 independent entrepreneurs provide accounting and bookkeeping services

SERVICES PROVIDED TO INVESTORS BY NOVI GRAD MUNICIPALITY

- Novi Grad Municipality has established the office for local economic development which replies to investors' queries and provides information about the opportunities and conditions for investment into the Municipality, provides support to investors in the investment process and the investor aftercare services.

- In several recent years, Novi Grad Municipality has implemented reforms to improve investment climate.

Through proactive approach the Municipality provides the following services to investors:


- Issuance of urban planning permit in 15 days, construction permit in 15 days, use permit in 18 days. Link: Registry of administrative procedures of Novi Grad Municipality, <http://www.opstina-novigrad.com>
- Issuance of the decision on business registration in 3 days and decision on independent entrepreneur registration in 1 day. Link: Registry of approvals and inspection procedures of RS, Republika Srpska Government: <http://www.regodobrenja.net/index.php?jezik=1>
- Local incentives for agricultural production in accordance with the Rulebook of Novi Grad Municipality
- Local incentives for small and medium enterprises, cooperatives and independent entrepreneurs for manufacturing and job creation in accordance with the Rulebook of Novi Grad Municipality
- Cost coverage for participation in fairs and events, through joint representation and promotion.
- Electronic registry with a detailed overview of permits and licenses on the level of BiH required for investors is available through the link of the BiH Ministry of Foreign Trade and Economic Relations: <http://rap.moteo.gov.ba/egfVwOdlukaJedinice.aspx>

- Lists of fiscal and non-fiscal investment incentives across all levels of government in BiH are available through the following links:
 - Republika Srpska Government/ Invest Srpska
<http://www.investsrpska.net/index.aspx?PageID=436&menuID=215&langid=1>
 - BiH Ministry of Foreign Trade and Economic Relations:
http://www.mvteo.gov.ba/izvjestaji_publikacije/izvjestaji/default.aspx?id=6175&langTag=en-US

Municipality has actively supported the following investments:

- In activating the exploitation of lignite in Lješljani, the Municipality adopted the Approval for Use of Natural Resources and Support and provided assistance to the investor in obtaining the property and legal documents. The right to exploitation lies with company "Privredni preporod" DOO Banja Luka, owned by an investor from Russia.
- Municipality offered land in the Poljavnice Industrial zone at an acceptable price of 1.5 Euro/m². The investment was made as *greenfield* investment by company "Enernovi" DOO Novi Grad, owner from Italy, with the production of pellets. Currently, the manufacturing facility is managed by company "Fabrika peleta" DOO Novi Grad, owner from Serbia, with the daily production of 60 tons of pellet. Some 95% of final products are sold on the Italian market.
- Through the implementation of investor aftercare program, the Municipality provided a secure system of electricity supply to the Industrial zone, primarily for the companies: "SMS inžinjering" DOO Novi Grad, owner from Austria, manufacturing of electrical circuits, "Drvokomerc" DOO from Teslić, manufacturing of plywood, and "New Sanatron" DOO Novi Grad, manufacturing of low and high voltage fuses, and others.

SPECIFIC INVESTMENT PROJECTS

NAME	THERMAL AND MINERAL WATER SLATINA-LJEŠLJANI
Surface area	30 ha, included in the Municipality Regulatory Plan
Description of the locality	<ul style="list-style-type: none"> • Back in 1990, exploratory drilling was carried out at the depth of 672 meters, which led to the discovery of hyper-alkaline, thermal and mineral water yielding 10 l/sec at the temperature 31-33 °C. • All water physical and chemical analysis completed to date in several research and scientific centers including Institute "Ruđer Bošković" Zagreb; Institute "Jože Štefan" Ljubljana; "Balneološki institut" Sarajevo; Institute "Vinča" Belgrade, have shown that this is a very rare type of water in the world. • According to modern classification, natural water "Slatina-Lješljani" belongs to hyper-alkaline, thermal and mineral water with extremely valuable and rich mineralization over 2,500-2,790 mg/l.
Water attributes	<ul style="list-style-type: none"> • According to current knowledge and medical literature the water from Lješljani can be successfully used in the treatment of many skin diseases and post-injury conditions and for cosmetic purposes. • Thanks to high alkalinity, this water can provide positive results with chronic inflammation of respiratory tract, rheumatoid arthritis, treatment of psoriasis and some types of eczema, etc.
Infrastructure availability	Road infrastructure / paved road / and electricity supply.
Number of visitors	During 3-4 months in the summer season, the locality is visited by over 60,000 visitors; most of the visitors are from broader Banja Luka region, while 20% of visitors origin from Croatia, Slovenia and countries of Western Europe.
Current status	 <p>Slatina complex in Lješljani in managed by "Kozaraprevoz" AD, Novi Grad.</p> <ul style="list-style-type: none"> • Design and build documents for the central health resort building of 6,200 m² of total surface area with the communication have been developed. • Approximate estimated value of the central building without the equipment is 6,200,000.00 KM. • Currently, company "Kozaraprevoz" AD, Novi Grad does not own the concession.
Business opportunities	<ul style="list-style-type: none"> • Purchase of the entire Slatina locality • Joint venture with "Kozaraprevoz" AD Novi Grad



IMPORTANT EXISTING BUSINESSES

- Wood processing industry - The following successful companies together export over 70% of their production to Italy, Slovenia and Austria: "Braća Stjepanović" DOO, "Drvokomerc" DOO, "Ligno-progres" DOO, "Lignotehna" DOO, "Janjetović comp" DOO, "Agromerkur" DOO. Manufacturing of apiaries and joinery have significant share in the production, primarily by companies "Zlatna pčela" DOO, "Apis" DOO, "Nukleus" SP, "HS invest" DOO and other, with exports to Croatia, Italy, Ireland and Slovenia.
- Textile industry has a long-term tradition and a recognizable brand name "SANA". Several independent textile companies continue with successful operations with more than 350 employed workers, namely: "Sana Elvis" AD, TK Fashion, "Jelena S" DOO, "Cors 3000" DOO, "Đurićteksstil" DOO and other, which are mostly engaged in lohn operations with partners from Italy, Germany, Denmark, Slovenia, etc.
- Transport plays an important role, primarily road cargo transport, namely: "Savia" DOO, "Kozaraprevoz" DOO and other.

PHARMACEUTICAL INDUSTRY- INTERPROMET AND B PHARM, www.interpromet.biz	INTERPROMET d.o.o.
AGRICULTURAL AND PROCESSING INDUSTRY www.comp-astor.com	DOO „COMP ASTOR“
STORAGE CAPACITIES	DOO „EURO FANY“
WOOD INDUSTRY www.bracastjepanovic.com	BRAĆA STJEPANOVIĆ d.o.o.
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