

INVESTMENT PROFILE OF THE CITY OF ZVORNIK

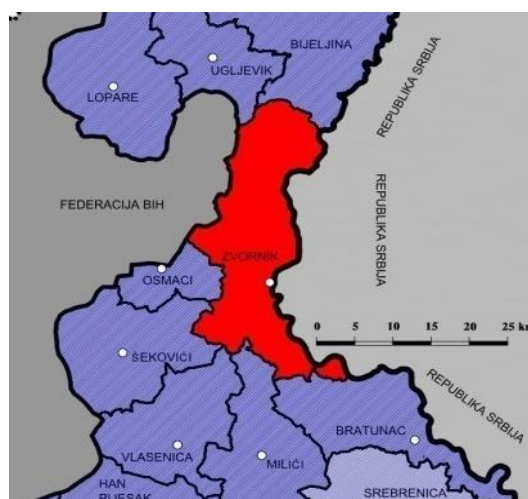
The town of Zvornik is located on the left bank of the Drina River in the north-eastern part of Bosnia and Herzegovina on the border with the Republic of Serbia. It covers an area of 371.95 km² and according to the latest population census it has 54,407 inhabitants.

The connection with the road and railway network of the modern Republic of Serbia is created via four bridges on the Drina River:

- Karakaj - International border crossing of category I in road traffic;
- Šepak – International border crossing for passenger traffic in road traffic;
- Zvornik – International border crossing for railway traffic;
- Zvornik Stari most - Border crossing for border traffic.

The nearest airport is in Tuzla, which is 45 km from Zvornik. Other airports in the area are located in Sarajevo (140 km), Belgrade (170 km) and Banja Luka (204 km). The airport in Podgorica is 343 km away, and Zagreb is 375 km away.

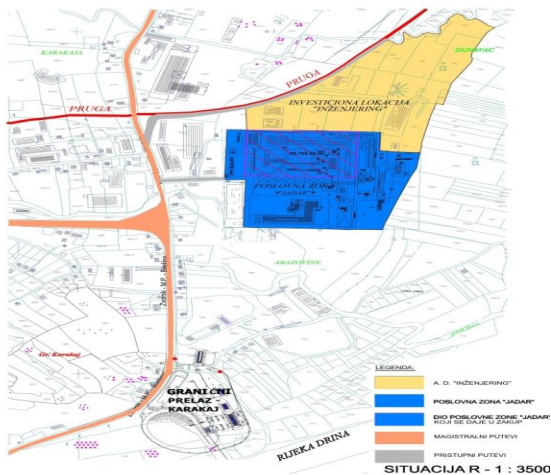
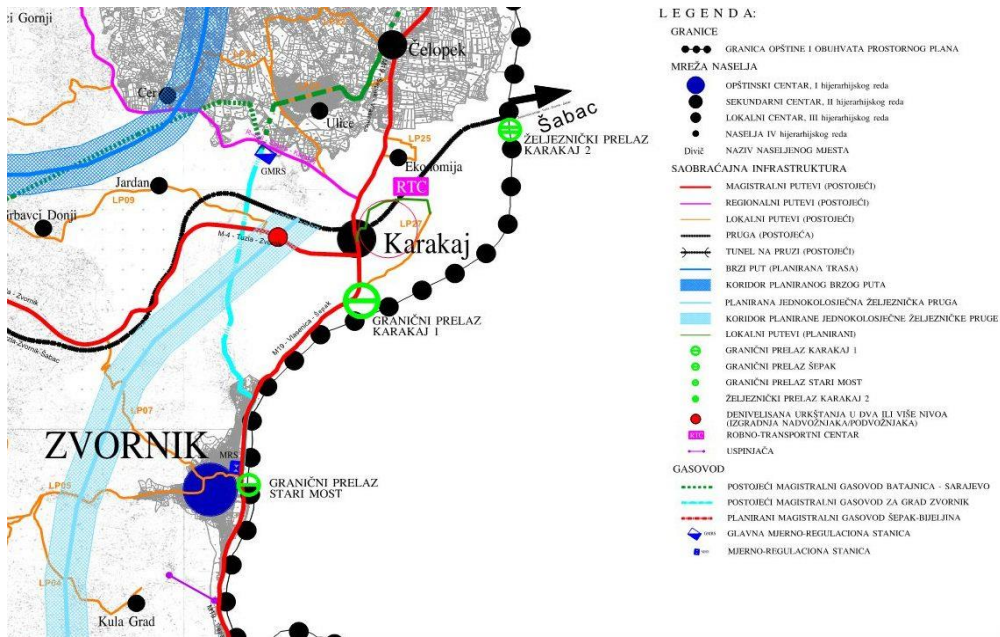
The closest European cities to Zvornik are Budapest 483 km, Ljubljana 514 km, Sofia 560 km, Vienna 697 km. Bucharest is located at a distance of 761 km, and Munich at a distance of 921 km.



The City of Zvornik is trying to revive industrial production and thus regain its status from the second half of the 20th century, when it was considered the third industrial center in Bosnia and Herzegovina. At that time, between 13,000 and 15,000 workers from Zvornik and neighboring municipalities worked in plants for wood processing, building material production, mineral water exploitation, alumina and rubber production, and metal, textile and food industry facilities. The tradition of industrial production and an educated workforce with a favorable geostrategic position make Zvornik a very attractive place for investment.

In the previous year, 348 companies and 829 entrepreneurs did business in the area of Zvornik, which can be reliable suppliers and service providers to new investors, as well as potential customers. They are dominated by small and medium-sized enterprises that mainly deal with wholesale and retail trade, processing industry, construction, transport and storage. They currently employ 9,505 workers. The average net salary in the area of Zvornik last year was 1,002 KM (512.32 €), and the gross salary was 1,551 KM (793 €).

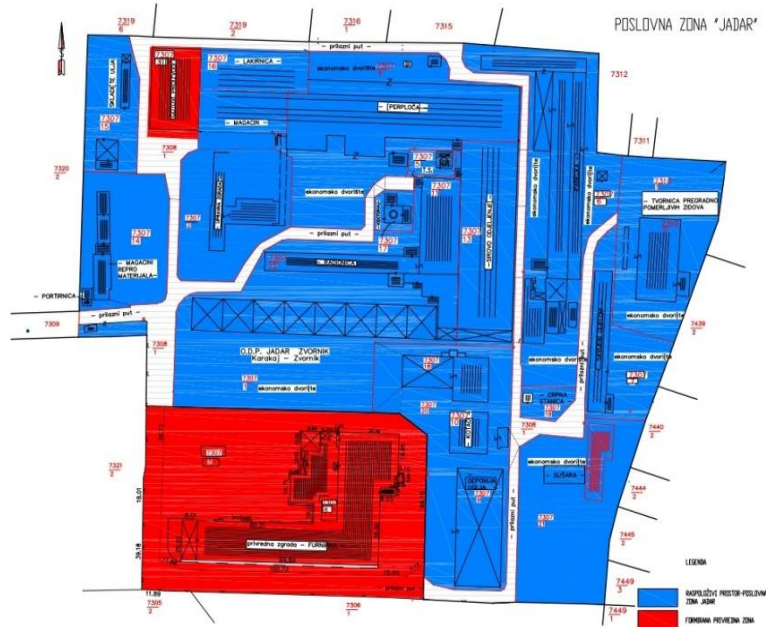
Zvornik currently has two business zones "Jadar" and "Inženjering", in which nine business entities operate. They are located in the wider industrial zone "Karakaj". They lean on each other and represent brownfield sites. They are located next to the main roads that lead from Bijeljina to Sarajevo and Karakaj to Tuzla and Doboj. About 500 m from the business zones is the Karakaj border crossing, which has the function of a goods and customs terminal in freight traffic, and at approximately the same distance there is a loading and transshipment station on the international railway Republic of Serbia-Zvornik-BiH (more details at <https://gis.gradzvornik.org/>).



The business zone "Jadar" has built infrastructure: access and internal roads, a pipeline with a diameter of 110 mm with two wells, a water tower with a capacity of 200 m³, a pump that discharges 40 t/h, a motor of 22 kW or 1545 revolutions/min and hydrant connections for each facility, a sewage network with two shafts and a main collector, a gas substation with a pressure of 3 bar and a 10/04 kW substation with an installed power of 2x630 kW. Telecommunication services are provided by three operators, and there is also a landline connection with 10 outputs. The total area of the Business Zone "Jadar" is 8,09 ha.



In the Business Zone "Jadar" there is an object that is the subject of our offer. It consists of two connected halls with a total area of 4,000 m² (2,600 m² production and 1,400 m² office space). The owner is a private person who is interested in renting or selling. This completely reconstructed building is marked in red in the lower left corner of the sketch below. The surrounding buildings and land marked in blue are vacant so there is a possibility for expansion.



WORKFORCE

Zvornik has a qualified and motivated workforce. Currently, there are 3.844 unemployed. Persons aged 18 to 35 have the largest share in the total number of unemployed (1,327 unemployed).

The largest number of unemployed are persons with a secondary vocational education. Most of them are mechanical technicians, economic technicians, traders, drivers, locksmiths, electrical technicians, and road traffic technicians.

All of them got degrees in one of the two secondary schools in the area of the city of Zvornik. At the Secondary School Center "Petar Kočić" Zvornik, students can study for vocations within the following professions: High School, Economics, Law and Trade, Health and Catering and Tourism. At Technical School Center Karakaj, students have the opportunity to be educated within Traffic, Electrical, Construction, Chemical and Mechanical professions.

Also, there is one higher education institution in the area of Zvornik. It is a Faculty of Technology which has two study programs: Chemical Engineering and Technology and Biology.

In Zvornik there is an adult education center where the unemployed can retrain and requalify for various occupations within the Mechanical, Electrical, Economic, Medical, Chemical and Construction professions.

Cooperation between the City of Zvornik, educational institutions and the economy on issues of the labor market, takes place through the Economic Council of the City of Zvornik and the Council for Education and Employment of the City of Zvornik. An Open Day for businessmen and entrepreneurs is regularly held as well as a survey so they can express their opinion on this and all other factors that affect the quality of the business environment in Zvornik.

BUSINESS COSTS

The price of fuel at the moment is 2,75 KM (1,41 €).

The current average price of electricity for economic entities is 0,16 KM/kWh (0,082 €/kWh) including VAT.

The distribution and sale of natural gas used for the production of thermal energy is carried out through the metering and regulation station in the center of the city, which is connected to the gas network of the Republic of Serbia by one branch. The current average price of gas for businesses is 1,40 KM/m³ (0,716 €/m³) with VAT, while the average price of heating for businesses with VAT is 6,70 KM/m³ (3,426 €/m³).

The price of water for business entities is 3,449 KM (1,76 €) including VAT, sewage 1,192 KM (0,61 €) including VAT and garbage 0,784 KM (0,40 €) including VAT. Garbage collection for a 5 m³ container is 138,914 KM (71,03 €) with VAT, a 1,1 m³ container is 39,955 KM (20,43 €) with VAT and a 0,1 m³ bin is 15,608 KM (7,98 €) with VAT.

INCENTIVES AND FACILITIES FOR INVESTORS

The City of Zvornik is a certified unit of local self-government with a favorable business environment (BFC SEE). It has strategically determined directions of development and valid spatial planning documentation. It offers investors a set of financial and non-financial incentives and benefits:

- Subsidies for employment and self-employment (1.000 € per worker);
- Financing of all utility connections for facilities where investors start business;
- Reduced fee for the arrangement of urban construction land by 25%, and for the construction of production facilities by an additional 30% to 70%;
- Reduced rent for the construction of production and auxiliary facilities by 1% in all zones, except in the sixth where the reduction amounts to 0.5%;
- Delayed payment of fees for the arrangement of city construction land and rent;
- Reduced real estate tax rate to 0,14%, and to 0,07% for buildings where production activities are carried out directly;
- Shortened deadlines for issuing approvals required for construction (up to 3 days from the submission of proper and complete documentation);
- Making available one officer to provide technical support to investors in the process of realization of the planned investment;
- Providing post-investment support to investors for the purpose of overcoming the obstacles they face, i.e. retaining and expanding their business.

For investors in the "Jadar" Business Zone, special incentives have been set:

- Preference is given to investors who employ more workers (at least one worker for every 1.000 m² of occupied space (land), i.e. at least three workers for every 1.000 m² of occupied functional facilities and have production intended for export;
- Land and facilities can be rent for a period of 5 years, which can be extended to 10 years after the end of the first year from the start of production;
- The amount of the rent depends on the size of the area that is the subject of the lease;
- The rent is lower during the period of preparation for production, which cannot be longer than 6 months.
- The investor can be exempted from up to 60% of the total rent if he invests his own funds in construction and other works that serve to adapt the building to a general purpose (electricity, water, sewerage);

In this particular case and for this investor, the City of Zvornik is ready to bear the rent costs during the first phase of the investment.

You can see more about the city of Zvornik and business conditions in Zvornik on our website <https://gradzvornik.org/>.

FACILITIES AND INCENTIVES FROM THE STATE AND ENTITY LEVEL OF GOVERNMENT

Facilitations and incentives for investors are offered from both the state and entity levels of government. At the level of Bosnia and Herzegovina, the following benefits and incentives are defined:

- Equipment that represents the stake of a foreign person is exempt from payment of import duties, except for passenger cars and machines for entertainment and games of chance, equipment for production that is not produced in BiH, as well as equipment and means of production that are owned by a company that terminates its business activity in another

country and is transferred to the customs area of BiH for the purpose of performing a similar activity;

- goods imported for promotional purposes: samples of goods of negligible value, printed and advertising material and products used or consumed at a trade fair or similar event;
- Export products exempt from paying excise duties;
- Foreign investors have national treatment;
- Foreign investors have the right to open an account with any commercial bank in BiH in domestic or freely convertible currency for the purpose of performing business activities;
- Foreign investors have the right to employ foreign nationals, unless otherwise stipulated by the labor and immigration laws in BiH;
- Foreign investors are protected from nationalization, expropriation, requisition and measures with the same effect - these measures can be taken only in the case when it is in the public interest with appropriate compensation;
- Foreign investors have the same ownership rights over real estate as Bosnian-Herzegovinian legal entities;
- Foreign investors have the right to transfer profits arising as a result of their investment in BiH abroad in freely convertible currency;
- BiH has signed Free Trade Agreements (CEFTA, EFTA);

At the level of the Republika Srpska entity, the following facilities and incentives for starting a business are available to investors:

- A foreign investor establishes a company under the same conditions as domestic investors;
- The profit tax rate is 10%, and if the investor invests in equipment and facilities for the performance of registered production activities, he has the right to a reduction of the tax base for the value of the investment;
- Dividend tax abolished;
- Reduced income tax rate from 10% to 8%;
- Possibility of deferred payment of tax obligations;
- Advisory support and organization of participation in international fairs;
- Incentives for improving competitiveness in the sense of establishing international standards concerning the company's operations, for procurement and development of information technologies, participation in fairs, exhibitions, conferences and other events where economic potentials are promoted;
- Financial support programs for employment and self-employment;
- Stimulative credit lines for starting up the business of the Investment and Development Bank of the Republic of Srpska.