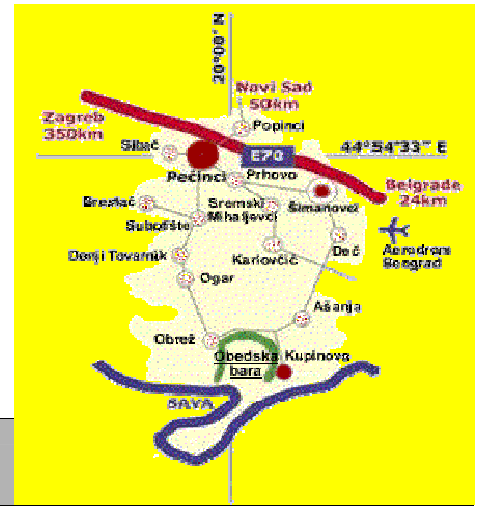


Hospitality Investment Opportunities Pecinci, Serbia

Contact: Milan Miric, Radivoj Milosevic
 Phone: +381 22 85 236, +381 64 261 2511
 Email: projektnitimso@ptt.yu
 Website: www.pecinci.org.yu



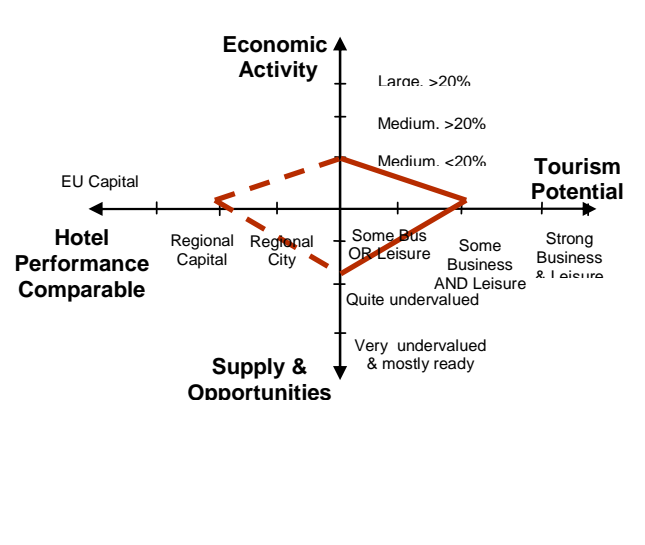
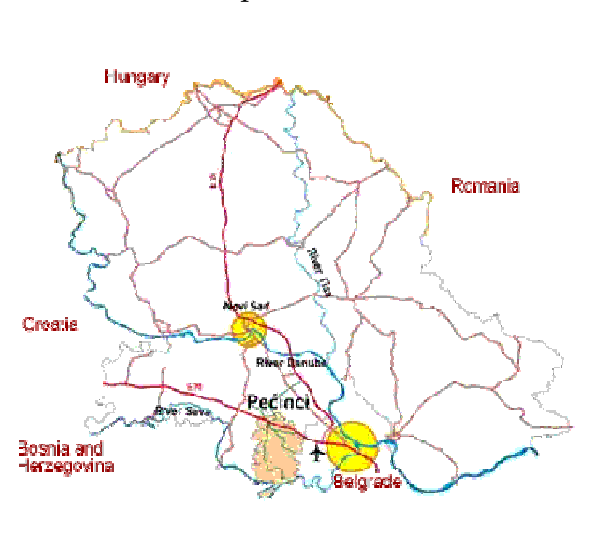
Overview

Located on the major highway connecting Belgrade and Zagreb and a mere 20 minutes ride from Nikola Tesla airport, Pechintsi is a small, scenic municipality without a single hotel in town. Its location has made possible a close to 25% per capita income growth. Industrial zone and privatization also led to a total investment of €130 million from 2002-2006. Still low economic activities coupled with potential to supply affordable accommodation to Belgrade-driven demands make Pechintsi one of the most undervalued opportunities for the mid- to budget-segments.

Serbia's inbound tourism receipts quadrupled between 2002 and 2006 to \$398 million, but are still in the early stages of a rebound toward pre-1990s levels. Underpinning this growth is one of the region's friendliest business environments, lowest human capital costs, fastest economic growth rates, and a number of desirable leisure attractions. These factors are expected to continue to drive double-digit growth in both business and leisure tourism.

While Belgrade has attracted the bulk of attention, several surrounding municipalities, including Pecinci, are severely lacking in accommodations relative to capacity and growth rates, representing good potential value in investment opportunities. This is especially the case in the mid-scale accommodation segment. Due to its economic free zone provisions and proximity to Belgrade, Pecinci possesses tremendous business travel potential in the 2-10 years term, and undertapped domestic tourism potential.

Excellent transport hub via Corridor X



Potential Occupancy Drivers

Locational Drivers

Located on Corridor X (highway E70, part of Corridor X) and 25 km from highway E-75 (another part of Corridor X).

Distance to Belgrade: 15 km/12 min drive to the Belgrade international Airport and 25 km / 20 minutes drive to Belgrade

Distance to Croatia border: 70 km / 50 minutes drive

Major Business Attractors



500 hectares industrial zone Simanovci is located near Corridor X, 15 km away from Nikola Tesla airport and 25 km from Belgrade. State-owned land is sold for 150,000 euros per hectare and privately-owned land for 200,000 euros per hectare.



Major Leisure Attractors




Obedska Pond

➤ **Description:** 500 hectares of protected natural reserve marshlands. Tourists can use 15 rowing boats either for sightseeing or fishing and take long walks around the Pond. There are many important and interesting archeological sites here like the Church of Mother Angelina (wooden church and monastery), the Church of St. Luke (the oldest church in Srem) and the remains of the medieval fortification around the monastery in the town of Kupinik, one of the most beautiful towns in this region that served as a capital of the kingdom of despots Lazarevic and Brankovic in the 14th and 15th century. The town of Pecinci also has an interesting Jeremija's Bread Museum which is the only bread museum besides the German Bread Museum in Ulm.

Estimated visits: 21,000 annual school children visits

Distance: 45 km / 35 minutes from downtown Belgrade



Municipal Economy		
Business Activity	GDP per Capita 2004:	€1642/\$ 2240
Population	21,500	
Employment	2005 Total Employment:	4,300
Recent Privatization and Investments	<p>Sugar Plant Pecinci was successfully privatized and the municipality also attracted 26 Greenfield investments in the last four years, both domestic and foreign (from UK, Germany, Slovenia, USA, Greece, etc.), such as: Albon (machine tools), Jub (paints factory), Perutnina Ptuj (meat products), Fornetti (pastries factory), Naturacoop (agrobusiness), Kleemann (elevators factory), Pollino (shoe factory), Termomont, Loz, ITM (logistics center), MGM, Lager max, Doncafe (coffee), Soko Stark (conditery industry), Grand Prom etc.</p>	
Investment Environment		
Business Environment Facilitation	<p>The Local Economic Development Office (LEDO) will be established by September 2007 to provide one-stop shop assistance with business registration, permitting, and business development.</p>	
Permitting	<p>Average Total Construction Approval Time: 45 days Number of Permits Issued in 2005-2006: 895</p>	
Current capacities		
Total Existing Hotel Capacity:	<ul style="list-style-type: none"> ▪ No hotel exists in town ▪ Hotel Obedska Pond is 45 km away from Belgrade (35 min drive) and currently cannot accommodate business clientele (rooms not rented, only restaurant in use). 	
Highlighted Investment Opportunities		
<p style="text-align: center;"><u>Greenfield</u></p> <p style="text-align: center;">Simanovci Area</p> 	<p>Description: Located at the exit to Corridor X (highway E-70) connecting Belgrade and Zagreb, this 10,000 m² parcel is privately owned and equipped with infrastructure (electricity, water, sewage, telephone line). The parcel is a part of the industrial zone and is surrounded by new plants, farms and the highway.</p> <p>Rationale: There are no motels on this part of the highway (the closest motel/hotel is in Belgrade). The proximity to the airport and the rapid growth of international investment in the area are another reason why a motel in this location would likely be very profitable.</p>	

Brownfield

Hotel Obedska Pond



Description: Near the Obedska Pond, a protected nature reserve and an eco-tourism asset, Hotel Obedska Pond needs renovation but has strong domestic and international leisure tourism potentials. It is owned by the Public Enterprise Serbia Forests and can be leased for 99 years. There are 1.8 hectares of land around the hotel. Additional land could be purchased (private parcels next to the hotel) for building more hotel space or other facilities, such as sporting. The hotel has 15 double rooms (not rented due to poor state), 1 large hall, 2 smaller halls and a terrace with a view of the entire nature reserve.

Rationale: This unique eco-tourism asset can take advantage of the proximity to Belgrade and its 400,000 annual tourists. Domestic demand already exists with 21,000 annual school children visits. Renovation and nearby Greenfield purchase are both discounted. Moreover, site environment allows for the possibility of incorporating this site into a conference facility for Belgrade-based business needs, e.g. trainings and other meetings/retreats (site is a 35 min drive, 45 km from the city).

Recommendation: Analyze possibility of targeting both eco- and business- tourism. Renovate motel to two to three stars quality. Work with Belgrade tour operators and business associations to market the Obedska Pond and setup local 1-day excursions/training events.

--	--