



REPUBLIC OF CROATIA

PROJECT MUZIL, Pula

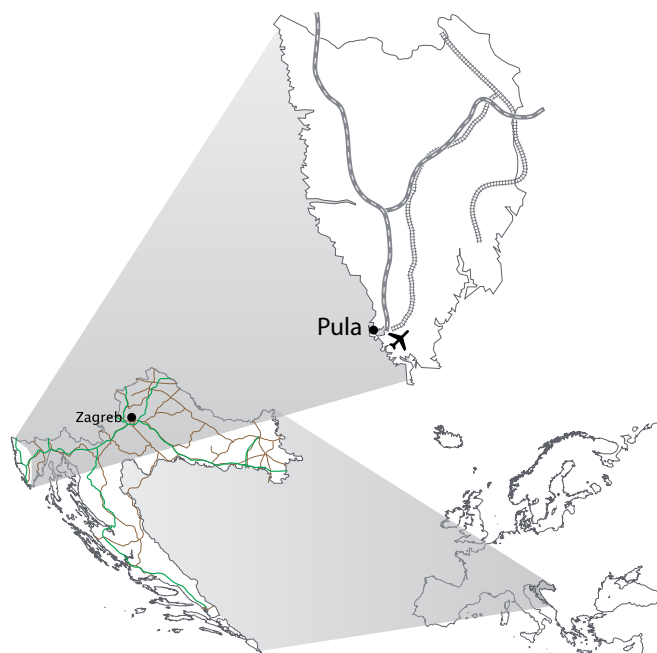
PROJECT DESCRIPTION

The Republic of Croatia and the City of Pula, as the land owners, plan to develop a former military recruitment centre on the Muzil peninsula into a high quality multipurpose resort with several hotels, golf course, two marinas and sports port, hot balloon airfield, residential area and a number of public facilities (Military Navy Museum, cultural-congress centre, multifunctional hall, tourist office, gallery, entertainment centre and beach facilities).

It is located on the Muzil peninsula, next to the city area of Pula, famous for the Arena, a Roman amphitheatre dated from 68 AD, the best preserved ancient monument in Croatia. It spreads on approximately 170 hectares of (mostly) woodland, with a view on the well-known national park Brijuni Islands, an archipelago of 14 small islands.

THE PROJECT CONSISTS OF 6 SEPARATE ZONES:

1. Marie Louise Zone (except the Marie Louise Fort, which is envisaged for the establishment of the Military Navy Museum). The construction of two hotels with a maximum of 750 beds and a garage with 200 parking places are planned within the Zone.
2. "Dolina suza" Zone, the future beach complex with a hot-air balloon airfield.
3. "Utvrdna Muzil" (Muzil Fort) Zone, envisaged for hotel accommodation (T1, with 550 beds), garage with 280 parking places, tourist settlement (T2, with 250 beds), residential area, and a golf course with 18 holes.
4. "Fižela" Zone, planned for an entertainment centre and sailing club. There are plans to construct a sports port with 120 berths. The port was not a subject of the public call for expression of interest announced in 2015/2016.
5. "Smokvica" Zone, intended for residential and tourism purpose. The planned facilities include two hotels with a maximum of 950 beds, residential facilities, aquapark, a shopping mall with a cinema, and several garages with more than 500 car places. This zone also envisages the construction of two marinas with 180 and 200 berths, which were not included in the public call.
6. "Mali Plato" Zone, with planned construction of a cultural-congress center and a garage with 200 car places.



The Urban Development Plan of the location must be adopted prior to the implementation of the investment.

CURRENT STATUS

The Project was initiated by the Ministry of Tourism, based on the Strategy of Tourism Development till 2020. The Public Call for the Expression of Interest for Implementation of the Project Muzil was published on November 6, 2015 and was open till February 5, 2016.

The Ministry of State Property will continue the activities in order to create conditions for announcement of a public tender for implementation of the project Muzil. There is also a possibility that the future public tender enable submission of bids for individual zones within the project.

This project, under the conditions stipulated by the Law on Investment Promotion (OG 102/15) can qualify for investment incentives. For more information, please refer to Section 5: Incentive Measures for Investments Projects.



ISTRIA COUNTY

Population (2011): **208,055**

GDP per capita (2014): **12,724 EUR**

Unemployment rate (2016): **8.4%**

Average gross monthly salary: **1,026 EUR**

Average gross salary in the sector (tourism): **1,167 EUR**

Istria County is located on the largest Croatian peninsula of Istria, on an area of 2,820 km² and has excellent transport connections with main European motorways (Istrian "Y" motorway connects Istria with highways in Slovenia, Italy and Austria) and by air (International Airport in Pula). Istria is one of the most developed Croatian regions with dominant industry (shipbuilding, production of building materials, tobacco products, furniture, glass and electrical machinery and parts for the automotive industry), tourism (total of 23.1 million of overnights, or 29.6% of all overnight stays in 2016) and trade sector.

In recent years, great attention was paid to the revitalization of agriculture (especially olive growing and organic food production) and the related development of enogastronomic tourism (autochthonous wines Malvasia, Teran, highly esteemed white truffle) and agro-tourism, particularly in the hinterland of Istria, which is recognized as the "Tuscany of Croatia". There is a very long tradition of tourism that has been developing from the period of the Roman Empire through the Austro-Hungarian Empire (when tourist centres Umag, Poreč, Rovinj, Pula, Rabac, including the Brijuni Islands

were strongly developed). In the past decade, intensive investments in a construction of new and reconstruction of existing primarily high-class hotel facilities were made, resulting in a significant increase of five-star hotels (total of 5) and four-stars hotels (total of 42).

According to the Istria Tourist Board, in the structure of accommodation, from a total of 272,645 units, camps are the most represented (43%), followed by private accommodation (31%) and hotels (18%). Main markets in terms of overnight stays are Germany (29.9%), Slovenia (12.8%), Austria (12.6%) and Italy (8.9%). Strong domestic brands (Istraturist Umag, Maistra and Valamar) prevail but international brands such as the Park Plaza, Kempinski Hotel and Sol Melia are present as well, primarily as management companies. The wide and diversified range of facilities enables the development of various kinds of tourism: sports tourism (currently 2 out of 4 golf courses in Croatia are in Istria - Umag and Brijuni, and the International ATP tournament takes place in Umag), cultural tourism (Motovun Film Festival, performances by world-renowned artists in Vespasian's Roman amphitheatre - Pula Arena, Theatre Ulysses), nautical, convention, hunting, fishing and diving tourism.

Further development of tourism in this region will be ensured with new projects, notably the Brijuni Riviera which is to be developed on three locations (Pineta, Hidrobaza, Sv. Katarina and Monumenti), and should additionally profile the County as a tourist destination with a wide range of capacities of the highest category.

CONTACTS

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