

Your Gateway to the EU

Build your business in Europe and enjoy Croatia's free zone benefits.



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We break new ground.



A Bundle of Business Benefits

Free Trade Zone Tax Breaks

- No taxes or VAT

Free Trade with the EU and European Markets

- No customs duties
- No quotas

Investment-friendly Environment

- Stable government and growing economy
- Croatia's legislation and policies actively support foreign investment

Strategic Location

- Central Europe, bordering Italy, Hungary, and Slovenia
- One of the shortest routes connecting central Europe to the Mediterranean

Modern Infrastructure

- Easy access to European markets by road, rail, air, and seaports

Strong Human Resources

- Well-educated, relatively inexpensive employee pool
- Incentives for job creation and retraining

Low Cost

- Relatively low rents, utilities, and other related expenses

Financing

- European banks provide project financing





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Freedom to Invest: A Host of Investment Incentives

Incentive measures include significant tax and customs benefits.

Financial and Tax Assistance in Croatia's Free Trade Zones

Tax Holidays	Type of Assistance	Period Covered
Profits tax	100% exemption	7 – 15 years*
Income tax	100% exemption	7 – 15 years*
Administrative and other duties	100% exemption	7 – 15 years*
VAT	100% exemption	7 – 15 years*
Customs duties	100% exemption	7 – 15 years*

Investment	Tax Holiday
20 million kuna (about \$2.8 million)	7 years
40 million kuna (about \$5.6 million)	15 years

Employment Incentives

Croatian laws provide incentives for employers to create new jobs for Croatian citizens (there is currently a large pool of well-qualified workers seeking employment) as well as incentives for retraining employees.

Financial Assistance	Type of Assistance
Job creation	15,000 kuna (about \$2,100)
Vocational training/retraining	Up to 50% of related costs
Job development for the unemployed	Special program

* Under Croatian law, companies that invest more than 1 million kuna are currently entitled to a full tax holiday of 5 years which can be extended by the Croatian government. (Companies that invest less than 1 million kuna are entitled to a 50% tax holiday.) The law is being amended; under the new law companies will be entitled to a tax holiday of 7 years, subject to an investment of 20 million kuna. Companies that invest 40 million kuna will be entitled to an exemption of 15 years.

Making the Most of the EU

Croatia provides a convenient gateway to the EU. The Croatian government actively supports foreign trade and investments. It has formed international alliances and introduced a series of legislative reforms to pave the way for an influx of foreign investments.



Free trade zones offer bottom-line benefits.

Within Croatia's free trade zones, businesses can...

- produce, assemble, and package goods
- undertake final processing of products
- store goods
- carry out wholesale trading and trade mediation
- provide services
- carry out banking and other financial transactions
- provide insurance and re-insurance services



Goods manufactured or produced in free trade zones under the Croatian Free Trade Zone Act (or which are utilized or consumed in the trade zone) are not subject to customs duties, taxes, or VAT, nor are they affected by the country's economic policies that apply outside the trade zones. Goods may be freely imported and exported to and from the free trade zone.

All forms of foreign trade may be carried out within a zone and the limitations of a law regulating foreign trade and foreign exchange operations do not apply to such operations.





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Free Trade with European Markets

Croatia's central location and free trade agreements with the World Trade Organization, the European Union, and neighboring countries ensure the free flow of goods produced from the trade zone to Europe without being subject to quotas or customs duties. The exemption includes goods partly produced in the trade zone, which according to the rules of origin are considered Croat.

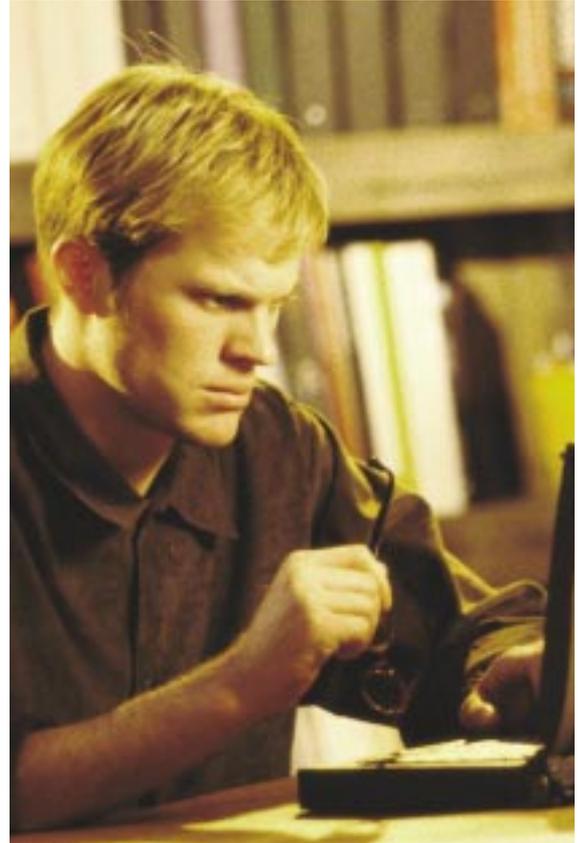
Repatriation of Profits

According to foreign exchange regulations, transfer of profits to foreign countries is unrestricted.



"Croatia's workforce has surprised many companies with its versatility, adaptability, and high productivity."

**American Chamber
of Commerce**



Educated, Inexpensive Workforce

Croatia has a well-educated and highly skilled workforce with expertise in — among other things — engineering and computer technology. The workforce is significantly less expensive than its counterparts in Western Europe. Prospective employers can benefit from a large pool of well-qualified workers currently seeking employment.

Croatian laws provide incentives for employers to create new jobs for Croatian citizens: an amount of 15,000 kuna (approx. \$2,100) for each new employee recruited. In addition, incentives are offered for vocational or retraining of employees (up to 50% of related costs). The state provides special subsidies for job initiatives aimed at the unemployed.

Croatia: Open for Business

Imagine a picturesque European country, a country whose beauty attracts millions of tourists to its shores every year. Picture a country experiencing dynamic change and growth. This is Croatia: an emerging central European country building its market-based economy, developing modern infrastructure, and growing for the future.

Croatia has a stable, democratic government and growing economy with strong consumption and investment activity, boasting a forecast low inflation rate of 3% and GDP growth of 4.8% in 2002. The government actively encourages foreign investment and has introduced legislation supporting investment.

Croatia is a member of the International Monetary Fund and the World Trade Organization. It has free trade agreements with the European Union and neighboring countries (including the Czech Republic, Hungary, Poland, Slovakia, Slovenia, Yugoslavia, Bosnia and Herzegovina, Bulgaria, Romania, and Turkey). Croatia is a candidate for "second-wave" membership of the EU. Membership of the CEFTA trading group is expected in 2003. The country is also a member of the South-Eastern Europe Stability Pact and NATO's Partnership for Peace program as a first stage toward NATO membership.

A great place for business and leisure



Fast Facts

Area	Population	Capital	Currency	Time Zone	Climate
56,538 km ²	4.40 million	Zagreb	Croatian kuna (7 kuna is approx. \$1)	GMT+1 hr EST +6 hrs	Mediterranean and continental

Language

Croatian. English is generally used for business correspondence and meetings. German and Italian are also spoken, the former mainly by Croats in the northern part of Croatia, the latter by Croats living along the Adriatic coast including Istria and Rijeka.

Economic Indicators

	2000	2001	2002f	2003f
Real GDP growth	3.7	3.9	4.8	5.3
Nominal GDP (\$bn)	19.0	21.8	24.6	26.6
Inflation rate %	7.4	2.6	3.0	4.0
Exchange rate %	8.3	8.0	7.7	7.7
Exports (\$m)	4,567	4,752	5,000	5,300
Imports (\$m)	7,771	8,764	8,885	9,400



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Build Your Business in Europe

Leverage the central European location

Croatia is strategically located at the intersection of international communication routes. Stretched alongside the Adriatic coast, its eastern region penetrates into the center of the continent up to the Hungarian border, and its north-western region borders on Slovenia and Italy (Trieste).

The free trade zone of Rijeka is situated in the immediate hinterland of Rijeka Bay. Rijeka is at the crossroads of central European and Adriatic-Mediterranean transport routes and is only 10 miles from Croatia's largest international seaport: The port of Rijeka, which caters to all types of commerce and industry. In Rijeka's immediate vicinity is the Skrijevka railway station and the Krk airport is just 6 miles away.

Free zone Rijeka is located in Primorsko-Goranska county, close to the Istrian peninsula, which is located in northwest Croatia on the Adriatic coastline (near Italy). The area is more than just a popular tourist destination: it is a high-tech hub, a bustling center of business and enterprise. The climate is Mediterranean, boasting an average annual climate of 16°C offering warm summers and mild winters.

Build on Croatia's modern infrastructure

Croatia has a modern infrastructure, including railroads, roads, air and seaports. A substantial part of the country's budget is dedicated to roads and infrastructure.

Within the free trade zone, tenants can take advantage of all the required infrastructure: railroad, roads, sewage collection, water, electricity and gas supply, and a state-of-the-art telecommunications network.



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Companies located in the Rijeka Industrial Zone

The Rijeka Industrial Zone houses a number of business concerns.

Company	Area	Products / Services
Promglas	22.396 m ²	Glass and equipment for glassmaking
Lumitex	17.272 m ²	Clothes and yarn
Omico	10.376 m ²	Paper and hygiene products
Forticar	12.062 m ²	Motor vehicle sales
P&R Metali	2.819 m ²	Metal products
Palfinger	2.490 m ²	Metal construction
Agregat	16.824 m ²	Building materials
MGK	55.575 m ²	Metal packaging
Ripelle	2.482 m ²	Retailer

From Concept to Completion

Looking to establish a presence in central Europe? Look no further than SBE — leading major new commercial and industrial developments in Croatia's free trade zones. We offer a full turnkey solution including permits, design, construction, utilities, facilities management, and finance.

SBE, a subsidiary of Housing & Construction Co. Ltd., specializes in the development of high-caliber commercial and industrial properties. We work in close cooperation with our clients, leveraging our group's years of experience to design and build projects to the most exacting of requirements.



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Recognizing that attention to detail is essential to the success of each project, we are committed to performing — and maintaining — the highest quality and safety standards.

We build from the ground up

SBE offers a full turnkey solution:

- Design and build warehouses, industrial and commercial properties (for rent or sale)
- Rent land in the free trade zone for self-development
- Build and install all the necessary infrastructure: roads; water, electricity, and gas supply; telecommunications; landscaping
- Take care of all the paperwork: incorporate local company; obtain location, building, and usage permits; obtain visas and work permits; obtain status as free trade zone user; get necessary user agreements, tax exemptions and other incentives such as job creation
- Maintain, manage, and operate the facility including security and cleaning services
- Handle goods to users all over the world

Key civil engineering and building services

Project feasibility studies

Financing

Planning

Design

Procurement

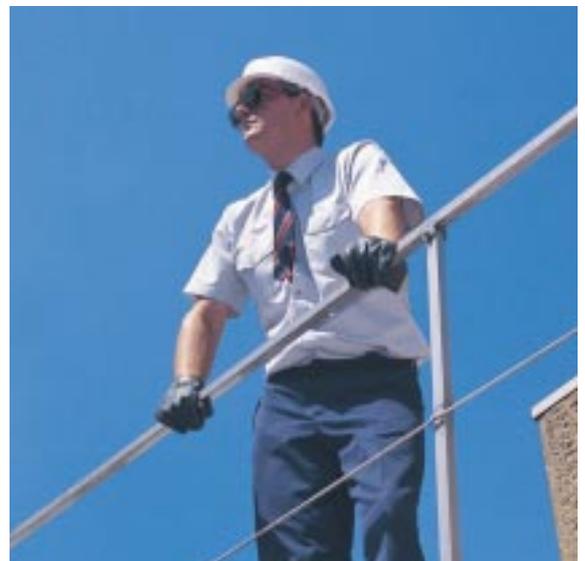
Construction

Installation

Maintenance

Operation

Handling

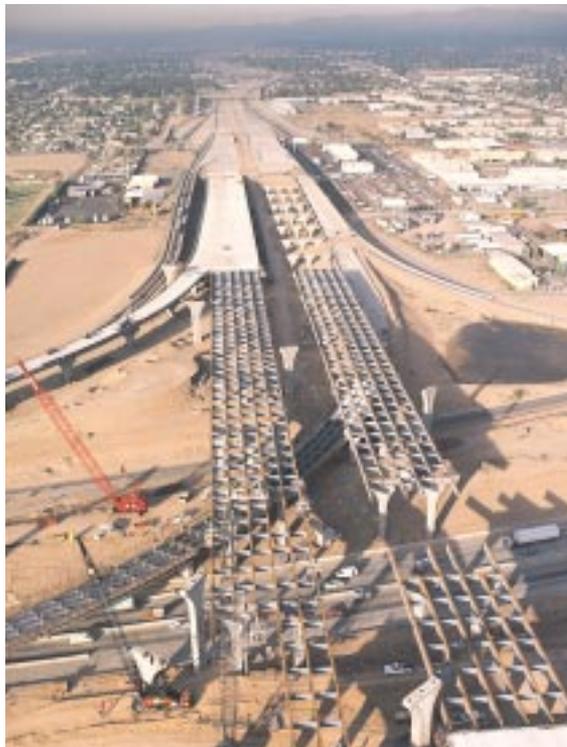


Build Your Business with Housing and Construction

Housing and Construction, a global development and construction group, heads up an international group of companies offering the complete range of services in civil engineering and building — from project feasibility studies, financing, planning, design, procurement, construction, installation, and maintenance through operation.

A publicly traded group founded in 1924, Housing & Construction Holding Co. Ltd. has a proven track record and solid reputation in residential, commercial, industrial, tourism, and public building construction, as well as infrastructure projects.

The group has extensive experience in the most complex building and infrastructure projects worldwide.



Building worldwide

The group offers a broad range of customer services in civil engineering and building around the globe. The group has been active for many years in Africa, including Nigeria, the Ivory Coast, and Ghana; South America; and Europe, particularly Central Europe, including the Czech Republic, Hungary, Poland, and Romania.

The group's projects span all areas of civil engineering, development, and construction including industrial, commercial, institutional and residential building construction. Its capabilities include the full line of development services, from promotion and planning to design and construction. The group's portfolio includes housing, hospital, and hotel construction, as well as building of power stations, airfields, military camps, and even cathedrals. Its activities include the construction of public works and infrastructures, roads and highways, bridges, tunnels and harbor works.

In addition, the group offers construction of water works and hydrotechnical structures, dams, reservoirs, elevated water tanks, main pipelines and distribution systems, drainage and sewerage systems, and water and sewage treatment plants. Its expertise also incorporates electromechanical installations of sanitary, electrical, air conditioning, and control and command installations in the building construction industry as well as construction of telecommunication systems.

The group develops projects both independently and with local partners.



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