

Based on the Resolution passed by Bankruptcy Panel of the Commercial Court in Belgrade, no. 802/97 dated October 13, 2003, on the conversion of bankruptcy estate into cash, and the Decision of the Creditors' Board dated August 24, 2006; and in line with Articles 109, 110 and 111 of the Bankruptcy Procedure Law (*Official Gazette of the Republic of Serbia, No. 84/2004 and 85/2005*) and National Standard no. 5 on the terms and procedure for converting bankruptcy estate into cash (*Official Gazette of the Republic of Serbia, No. 43/2005*); and based on Article 6 Para 2 of the Law on Privatization Agency (*Official Gazette of the Republic of Serbia, No. 38/2001 and 135/2004*), the Privatization Agency (hereinafter: "Agency") as the bankruptcy administrator of the bankruptcy debtor

**JSC Robne kuće «Beograd», in bankruptcy,
57, Makenzijeva Street, Belgrade**

ANNOUNCES

The sale by public auction of the bankruptcy debtor as a legal entity

Sale Code: RKB 01/07

1. Subject of sale is the bankruptcy debtor as a legal entity.

Main properties of Bankruptcy Debtor are the following:

In the Republic of Serbia:

Property	Total surface
Department Store "Terazije" in Belgrade	7,011.27 m ²
Department Store "Stari grad" in Belgrade	4,051.53 m ²
Department Store "Kalemegdan" in Belgrade	7,145.20 m ²
Department Store "Beograđanka" in Belgrade	16,104.53 m ²
Department Store "Novi Beograd" in Belgrade	5,411.70 m ²
Department Store "Dušanovac" in Belgrade	2,845.12 m ²
Department Store "Miljakovac" in Belgrade	6,842.12 m ²
Department Store "Zemun" in Belgrade	5,680.17 m ²
Department Store "Sava" in Belgrade	9,464.88 m ²
Business Center Beograd, in Belgrade	12,317.60 m ²
Distribution Center Belgrade, with right of use over 27 ha of urban construction land in Belgrade	33,399.95 m ²
Department Store "Kragujevčanka" in Kragujevac	8,579.38 m ²
Department Store "Subotica" in Subotica	10,353.45 m ²

Property	Total surface
Department Store "Leskovac" in Leskovac	5,600.20 m ²
Department Store "Smederevska Palanka" in Smederevska Palanka	3,727.39 m ²
Department Store "Niš" in Niš	6,215.31 m ²
Department Store "Bajina Bašta" in Bajina Bašta	3,828.97 m ²
Department Store "Vršac" in Vršac	2,402.25 m ²
Department Store "Bor" in Bor	4,019.50 m ²
Department Store "Kraljevo" in Kraljevo	4,679.20 m ²
Department Store "Kikinda" in Kikinda	4,705.78 m ²
Department Store "Paraćin" in Paraćin	3,630.25 m ²
Department Store "Sombor" in Sombor	4,665.47 m ²
Department Store "Knjaževac" in Knjaževac	4,114.96 m ²
Department Store "Valjevo" in Valjevo	4,158.79 m ²
Department Store "Zaječar" in Zaječar	4,102.98 m ²
Department Store "Kula" in Kula	2,981.18 m ²
Department Store "Jagodina" in Jagodina	4,409.90 m ²
Department Store "Požarevac" in Požarevac	5,687.81 m ²
Department Store "Vranje" in Vranje	4,257.25 m ²
Department Store "Zrenjanin" in Zrenjanin	12,027.58 m ²
Department Store "Pirot" in Pirot	4,910.26 m ²
Department Store "Užice" in Užice	6,769.30 m ²
Department Store "Bačka Topola" in Bačka Topola	4,983.01 m ²

In the Republic of Montenegro:

Property	Total surface
Department Store "Podgoričanka" in Podgorica	3,870.87 m ²
Supermarket in Podgorica	861.60 m ²
Warehouse "Spuž" in Podgorica 100% stake in the company "RK Bijelo Polje", with the following assets:	1,242.00 m ²
Department Store in Bijelo Polje	2,497.28 m ²
Supermarket in Bijelo Polje	319.28 m ²

Total surface of the listed properties is 239,875.32 m² gross or 232,679.06 m² net.

The bankruptcy debtor as legal entity shall be sold “as is”.

2. The starting price at the public auction will be set at EUR 140,000,000.00 (one hundred and forty million euros).

3. Sale Documents

The fee payable to acquire the Sale Documents is **EUR 7,000.00** (seven thousand Euros) in RSD equivalent at the median exchange rate of the National Bank of Serbia on the date of invoicing.

The Agency hereby invites all interested parties to submit the request for purchasing the Sale Documents by October 5th 2007.

Requests for purchasing the Sale Documents shall be delivered by mail, e-mail or fax, to the address below, clearly marked:

“Request for purchasing the Sale Documents – Sale Code RKB 01/07”

Upon receipt of the aforementioned request, an invoice and Confidentiality Agreement shall be sent to the interested participant by mail, e-mail or fax.

Duly signed Confidentiality Agreement shall be faxed and mailed back to the Agency at the address below, without delay.

Upon receipt of the signed Confidentiality Agreement, accompanied by evidence of the authorization of the person signing it, and payment of the Sale Documents fee; the Agency shall forward the Basic Information on the subject of sale to Participant in process by mail or e-mail or hand it to its authorized representative.

Further details relating to the sale process will be provided to Participants in process within the Sale Documents, which will be available from August 27, 2007.

The Sale Documents will include:

- A Presentation Document
- A Draft Sale Purchase Agreement
- Instructions to Participants
- Data Room Rules
- An Application form for participation in the public auction
- A draft Statement relating to the terms of forfeiture of the Bid Bond

The Agency shall not be held liable for any loss or delay that may occur in the delivery of any document.

4. Site Visits

Participants in process may visit the sale subject and access the Data Room **from August 27, 2007 until October 15, 2007**, as set out in the Sale Documents.

5. Bid Bond

Participants are obliged to submit a **bank guarantee** in the amount of **EUR 44,000,000.00** (forty four million Euros) or in RSD equivalent at the median exchange rate of the National Bank of Serbia on the date of issuing the guarantee, no later then on October 22, 2007, as set out in the Sale Documents..

6. Applications for participation in the public auction

Deadline for submitting the application for participation in the public auction is October 22, 2007 at 5 p.m. Belgrade time.

7. Eligibility for participation in the public auction

7.1. Participation at the public auction is open to any legal entity or natural person that has:

- a) Purchased the Sale Documents
and
- b) Submitted the bank guarantee and application for participation in the public auction, in line with the Sale Documents

7.2. A Consortium also has a right to participate in the public auction, if it fulfils all of the following requirements:

- all Consortium members have made the decision on organizing and entering into the Consortium;
- all Consortium members have signed a written Consortium Agreement and duly notarized it at court, or other competent authority (in case of foreign legal entity or natural person);
- by provisions of the Consortium Agreement, each Consortium member assumes unlimited joint and several liability for fulfilment of the obligations under the Sale and Purchase Agreement;
- the Consortium Agreement specifies each member's percentage in the acquisition of the bankruptcy debtor;
- all Consortium members have signed a notarized power of attorney for the representing member of the Consortium;
- all Consortium members have signed the Confidentiality Agreement;
- at least one consortium member has purchased the Sale Documents;

- Consortium has submitted the bank guarantee and the application for participation in the public auction, as set out in the Sale Documents.

A Subsidiary Company (whether acting individually or as a Consortium member) has the right to submit application for participating in the public auction if its Parent Company has purchased the Sale Documents. Also, the Parent Company (whether acting individually or as a Consortium member) has the right to submit application for participating in the public auction if the Subsidiary Company has purchased the Sale Documents.

8. The public auction shall take place on October 29, 2007 at 11:00 hours Belgrade time, at the following address: Privatization Agency, Terazije 23, 2nd Floor, Belgrade.

The Agency shall conduct the public bidding process by:

1. Registration of the entities eligible for participating in the public auction (authorized representatives or participants present in person),
2. Opening the public auction by reading the auction rules,
3. Invitation to participants to open the bidding at the announced starting price,
4. Maintaining order throughout the public auction
5. Declaring the buyer, being the party which accepted the highest bid ,
6. Signing the minutes.

9. Deadline for payment of the full amount of the purchase price is **30 days** after the date of the public auction.

10. The Agency reserves the right to change dates, deadlines and/or conditions of this Announcement, and shall not be held liable for any costs or damages that the Participants may have suffered with respect to such changes.

Questions and Clarifications

Any question pertaining to this announcement should be directed to the contact persons at the following address:

Privatization Agency Bankruptcy Privatization Agency Public Enterprise Center	Center
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