

Based on the Decision of the Meeting of shareholders of the A.T.D. "PUTNIK"-Belgrade, no. 5887/2a, dated 22 December 2005, and the Agreement on Power of Attorney no II/1 Ov.br.1344/06, dated 28.07.2006., signed between A.T.D. «PUTNIK» - Belgrade and the Privatization Agency,

Privatization Agency announces:

PUBLIC INVITATION
FOR PARTICIPATION IN THE PUBLIC BIDDING FOR
PURCHASE OF THE REAL ESTATE OF THE A.T.D. «PUTNIK» - BELGRADE,
i.e.
ISLAND of «Sveti Marko» in Tivat
IN THE CURRENT CONDITIONS

Sales Code: 310806A-1724

Subject of the Public sale:

Subjects of the sale are land and facilities on the island of «Sveti Marko» in Tivat, owned by the A.T.D. "PUTNIK".

Land and facilities on the island of «Sveti Marko» in Tivat have been entered into the Real Estate register no. 64, Cadastre Municipality of Bogišići, with total land area of 301.579 m², except the land which has been encumbered with the alienation and disposal prohibition, and with the right of pre-emption, which has been registered into the part 'the data on burdens and limitations' in the Real Estate register no. 64, Cadastre Municipality of Bogišići.

Land and facilities on the island of «Sveti Marko» in Tivat are offered for sale in the current conditions with all the equipment - fixed assets, which is/are in function of performing the activity, without possibility for further claims.

Manadatory requirements of the Public sale:

The initial price at the public bidding amounts to **EUR 16.755.000,00**.

The Sales-Purchase price is to be paid off AT ONCE.

Means of payment for the Sales-Purchase price can be SOLELY in domestic currency or foreign convertible currency.

If the declared purchaser is a domestic legal entity or natural person, it can pay the Sales-Purchase price in the CSD counter-value, calculated according to the official average exchange rate of the NBS (National Bank of Serbia) on the date of payment.

Participation requirements:

The right to participate in the public bidding have parties, which cumulatively fulfill the following requirements:

- Purchase of the bidding documents,
- which conclude the Agreement on Keeping the Confidential Information,
- which submit the Application for participation in the Public sale,
- which pay in the Deposit for participation in the Public bidding to the amount of EUR 1.675.500, what can also be paid in the CSD counter-value, calculated according to the official average exchange rate of the NBS, applicable on the day of the Public Invitation's announcement, if they submit, along with the Application for participation in the Public bidding, Bid bond to the amount of EUR 1.675.500, what can also be paid in the CSD counter-value, calculated according to the official average exchange rate of the NBS, applicable on the day of the Public Invitation's announcement, and
- which have been recorded for participation in the Public bidding.

As the bidding participant can also apply the Consortium consisted of domestic and/or foreign legal entities and/or natural persons (hereinafter: Consortium). In the Agreement on Consortium, members of the Consortium must authorize one of the Consortium members to represent the Consortium (hereinafter: Authorized Representative of the Consortium), to act on behalf and for the account of the Consortium. By the Agreement on Consortium must be envisaged the unlimited joint and several liability of all members of the Consortium.

The Agreement on Consortium must be submitted along with the Application for participation in the Public bidding.

Selling (bidding) documents:

Selling documents must contain:

- Agreement on Keeping the Confidential Information,
- Application form for participation in the Public bidding,
- Draft Contract on sale of property,
- Regulations of the Public bidding procedure – Instructions to participants in the Public bidding,
- relevant documents related to property and legal matters,
- duplicate of the Public invitation for participation in the Public bidding.

Those who are interested can purchase the selling documents at the price of **EUR 1.000,00** without VAT, in the CSD counter-value, calculated according to the official average exchange rate of the NBS applicable on the date of issuing the invoice by the Privatization Agency.

After the payment evidence has been submitted, the selling documents can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St, 5th floor, office 511.

The funds paid for the purpose of purchase of the selling documents are not to be brought back.

Selling documents are available to the interested parties, commencing with 01 August 2006. Closing date for collection of the selling documents expires on 23 August 2006, at 17:00.

The parties, which purchase the selling documents and sign the Agreement on Keeping the Confidential Information, shall be enabled the site visit to the Subject of sale.

The time-table of visit of the Sale subject shall be established in accordance with the Regulations of the Public bidding procedure – Instructions for participants in the Public bidding.

Contact person:

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More information on the Subject of sale is available on the website:

www.priv.yu/

Submission of applications for participation in the Public bidding:

Applications are to be submitted directly to the Privatization Agency, 23 Terazije St, Belgrade, 5th floor, office 511, in a sealed envelope, with the inscription:

Auction Sale Code: 310806A-1724
APPLICATION FOR PARTICIPATION IN THE PUBLIC BIDDING
Privatization Agency of the Republic of Serbia
23/V Terazije St, Belgrade

Closing date for submission of applications for participation in the Public bidding expires on 24 August 2006, at 17:00.

Application for participation in the Public bidding is to be filled out in a separate form, which is the integral part of the bidding documents. Along with the application for participation in the Public bidding, it is necessary to submit signed and on each page sealed the Draft Sales-Purchase Agreement and the Deposit payment evidence, i.e. Bid bond.

Incomplete and untimely applications shall not be taken into consideration.

Commission for Public sale implementation shall inform the applicants for participation in the Public bidding on approval of applications at the latest until one working day before the Public bidding date.

Those parties, whose applications for participation in the Public bidding have been approved, but who fail to register themselves, lose the right to have the Deposit, i.e. the Bid bond, brought back. That right shall also lose the parties, who have registered themselves for the Public bidding, but who have not attended the Bidding.

Public bidding performance:

Public bidding for the purpose of Public sale shall be held on 31 August 2006, beginning at 11:00, at the address: Privatization Agency, Belgrade, 23 Terazije St, 2nd floor, Large Hall.

Registration of participants in the Public bidding shall be held at the same address, starting two hours before the Public bidding performance, and ending ten minutes before the Public bidding performance, i.e. from 09:00 - 10:50.

The method of Public bidding performance is described into detail in the Regulations of the Public bidding procedure.

Deposit, i.e. Bid bond, is to be returned to the participants not to be declared a purchaser, within 10 days from the conclusion date of the Public sale.

Conclusion of the Real Estate Sales-Purchase Agreement:

Text of the Draft Agreement on sale of property and text of the Agreement on sale of property are not subject to change.

The participant, who was the first to bid the highest price at the Public bidding procedure and was declared a purchaser, shall sign with the Seller the Agreement on sale of property – the island of "Sveti Marko", Tivat.

The participant who was the first to bid the highest price in the public auction procedure, and who submitted the bid bond to the Privatization Agency, as the means of securing the deposit payment, is obliged to pay the amount equal to the deposit into the account of the Agency two days after the public auction at the latest.

If the declared purchaser refuses to sign the Minutes on Public bidding or the Agreement on sale of property or does not pay the Sales-Purchase price within the envisaged deadline, it loses the right to be brought back the Deposit, i.e. the Bid bond is to be paid.

In case that the declared purchaser refuses to sign the Minutes on Public bidding or the Agreement on sale of property or does not pay the Sales-Purchase price within the envisaged deadline, but there have been other offers, the Agreement on sale of property is to be concluded with the participant, whose offer has been second-ranked, at the price, which has been offered by that participant.

If the participant, who has bid the second-ranked offer during the Public bidding procedure, refuses to sign the Minutes or the Agreement on sale of property or does not pay the Sales-Purchase price within the envisaged deadline, it loses the right to be brought back the Deposit, i.e. the Bid bond is to be paid.

Right of change of the Public invitation:

Privatization Agency and A.T.D. "Putnik", Belgrade, reserve the right to change dates, deadlines and/or conditions from this Public Invitation, and do not bear any responsibility for possible costs or damages, which such changes may have caused to potential participants in the Public bidding.

Privatization Agency shall inform potential participants on changes of the Public invitation at the latest until the date of the Public bidding performance.