

Based on the Decision of the Managing Board of the Joint Stock Company for production and trade of electrical equipment and electrical installations "ZASTAVA ELEKTRO" – in restructuring (hereinafter: Zastava elektro ad), Raca, number 9 Kralja Petra I Street, no. 02/10-01 as of February 26, 2010, Resolution of the Republic of Serbia Privatization Agency No. 10-608/10-747/02 as of February 26, 2010 on accepting the Restructuring Program, Fiduciary Agreement certified by the First Basic Court in Belgrade under number II Ov.broj 1055/2010 as of February 26, 2010, the Privatization Agency is hereby announcing

**PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC BIDDING FOR ACQUISITION OF
IMMOVABLE PROPERTY OF THE JOINT STOCK COMPANY FOR PRODUCTION AND TRADE
OF ELECTRICAL EQUIPMENT AND ELECTRICAL INSTALLATIONS "ZASTAVA ELEKTRO" – IN
RESTRUCTURING, RACA**

Sale code: R-150310-3388

1. Subject of Sale

Subject of sale are the following immovable properties of Zastava Elektro ad, Raca, located in Cadastre Lot No, 304/16 Cadastre Municipality Raca:

No.	Name of the building	Surface (m2)
1.	Production hall with annex	6,976
2.	Warehouse	2,138
3.	Masut Building	183
4.	Boiler room	220
5.	Flammable material storage	27
6.	Doorman's booth	36
7.	Guard house	1
8.	Production hall porch	481.87

together with the right of use over the construction land marked as Cadastre Lot No. 304/16 Cadastre Municipality Raca, total area 4 ha 14 a 21 m2, with 1/1 ownership share, (hereinafter: Immovable Property).

Immovable Property is being sold on "as is" basis, without possibility for subsequent shortage claims. Detailed description and specification of the immovable property offered for sale is provided within the bidding documents (Sale Documents).

2. Mandatory Sale Conditions

- Opening price for the Subject of Sale is EUR 2,969,141.29 (in words: two million nine hundred sixty nine thousand one hundred forty one and 29/100 Euros);
- Deposit is EUR 297,000.00 (10%) (in words: two hundred ninety seven thousand Euros), calculated at official median exchange rate of the National Bank of Serbia on the date of deposit payment;
- The Buyer shall fully accept the rights and obligations established in final text of the Agreement for Sale and Purchase of Immovable Property of Zastava Elektro ad, Raca, which is provided as Appendix to the Sale Documents, and thereby its shall also accept the obligation to open 1,000 workplaces.

3. Eligibility

Buyer of the property cannot be:

- a) domestic legal entity operating using majority socially owned capital
- b) legal entity which has outstanding debts to Seller
- c) Seller's subsidiary companies
- d) a legal entity whose founder is an individual convicted for or against whom a legal action is initiated for criminal acts specified under Article 12 of the Law on Privatization ("Official Gazette of the Republic of Serbia no. 123/07)

Participation at the public bidding is open to any legal entity that:

- a) has been established and is operating in line with Serbian regulations;
- b) is, and whose founder is performing activity from group 31 – Production of other electrical machines and apparatus
- c) generated, or whose founder generated, total operating revenues in the previous business year of not less than 10,000,000 EUR.
- d) Purchased the Sale Documents;
- e) Paid Deposit or submitted the Bid Bond for participating in the public bidding;
- f) Submitted the application for participating in the public bidding for domestic legal entities;
- g) Registered for participation in the public bidding.

4. Sale Documents

Interested parties can purchase Public Bidding Documents, after receiving the invoice from the Privatization Agency, at the price of EUR 10,000 (ten thousand Euros), in RSD equivalent calculated at the median exchange rate of the National Bank of Serbia on the date of invoice. The purchase of the Sale Documents is mandatory, and the Confidentiality Agreement shall be signed at the collection thereof.

Upon delivery of the evidence of payment, Sale Documents can be collected at the following address: Privatization Agency, Center for Auctions and Compulsory Liquidation, Terazije 23, 5th Floor, Room 511, from 08.30 to 16.30 hours, in the period from March 2nd, 2010 to March 10th, 2010.

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

5. Subject of Sale Visits

Participants may visit the subject of sale after signing the Confidentiality Agreement, in the period from March 2nd, 2010 to March 10th, 2010.

6. Application for Participating in the Public Bidding

Applications should be submitted to the Privatization Agency, Terazije 23, Belgrade, by March 11th, 2010 at 4:30 PM.

Prior to submitting the application, the participant must pay deposit or provide first-class bank guarantee issued in favor in for the account of the Privatization Agency, in the amount of EUR 297,000.00 (in words: two hundred ninety seven thousand Euros).

Application must contain information given in the Instructions for Public Bidding Participants, which is integral part of the Sale Documents, evidence of paid deposit or attached bank guarantee and the account number for return of the deposit.

Filled out applications, which are provided in the Sale Documents, along with signed draft Sale and Purchase Agreement initialed at each page, and evidence of the paid deposit or Bid Bond, shall be submitted to the Privatization Agency in closed envelope clearly marked:

«APPLICATION FOR PARTICIPATING IN THE PUBLIC BIDDING **R-150310**
PRIVATIZATION AGENCY
TERAZIJE 23, 1000 BELGRADE»

Commission for Sale of Zastava Elektro ad, Raca, property, shall inform all applicants at least one business day prior to the public bidding whether their applications were approved.

7. Public Bidding

Public bidding will be held on March 15, 2010, at 13.00 hours, at the premises of the Privatization Agency, Belgrade, Terazije 23, 2nd Floor Grand Hall.

Registration of public bidding participants will start one hour before the public bidding, and it shall be completed then minutes prior to the public bidding, i.e. from 12.00 to 12:50 hours.

Terms of conducting the public bidding and signing the Sale and Purchase Agreement are explained in detail in the Instructions to Participants, which is integral part of the Sale Documents.

Deposit will be returned to all participants that are not proclaimed as buyers within the time specified in the Instructions to Participants, which is integral part of the Sale Documents.

For the participant who offers the highest bid and is proclaimed the buyer, deposited amount will be included in the purchase price, and in case of desisting from signing the Sale and Purchase Agreement, deposit will be retained, i.e. Bid Bond will be cashed.

The Agency reserves the right to change dates, deadlines and/or conditions from this Public Invitation, and shall inform all interested parties on the date of the public bidding at the latest.

Potential participants shall be informed of any amendments to the Public Invitation on the date of the public bidding at the latest through announcement on the Privatization Agency's web site and/or in the "Politika" daily newspaper.

8. Questions and additional clarifications

All inquiries relating to this Public Invitation should be directed to the contact persons below:

Privatization Agency Auctions Sector Ivan Djukanovic Terazije 23/V 11000 Belgrade, Serbia Tel: +381-11-3029-986 Fax: +381-11-3029-985 E-mail: idjukanovic@priv.rs	Privatization Agency Auctions Sector Vesna Nedeljkovic Terazije 23/V 11000 Belgrade, Serbia Tel: +381-11-3020-866 Fax: +381-11-3029-985 E-mail: vnedeljkovic@priv.rs
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