



Pursuant to the Resolution of the Board of Directors of Joint Stock Company for Holding, Consulting and Management affairs Grupa Zastava Vozila a.d. Kragujevac in restructuring (“Grupa Zastava Vozila“) ref. no. UO 24-1/06 dated 29 September 2006 and ref. no. UO 4-1/07 dated 7 February 2007, the Power of Attorney ref. no. II/1 285/07 dated 28 February 2007, the Annex to the Power of Attorney ref. no. II ver. no. 879/07 dated 24 May 2007 and the Annex II to the Power of Attorney ref. no. II ver. no. 1652/07 dated 19 October 2007, in Belgrade, between Grupa Zastava Vozila as the Principal and the Privatization Agency of the Republic of Serbia (the “Agency”) as the Agent, and in addition pursuant to the Board Resolution of the Development Fund of the Republic of Serbia (the “Development Fund”) ref. no.1043 dated 18 October 2006, the Power of Attorney ref. no. II/1, ver. no. 284/07 dated 28 February 2007, the Annex to the Power of Attorney ref. no. II 250/07 dated 1 March 2007, the Annex II to the Power of Attorney ref. no. II ver. no. 881/07 dated 24 May 2007 and the Annex III to the Power of Attorney ref. no. II ver. no. 1653/07 dated 19 October 2007, in Belgrade, between the Development Fund as the Principal and the Agency as the Agent, the Privatization Agency of the Republic of Serbia announces:

PUBLIC INVITATION

For participation in the public bidding process for purchase of the stakes of “Grupa Zastava Vozila” and “The Development Fund” in “**Zastava Specijalni Automobili” d.o.o. Sombor**

Sale Code: 220208-P-2187

Subject of sale:

Subject of sale represents 100% stake of Grupa Zastava Vozila in the **Limited liability company for production and distribution of special and multi-purpose vehicles “Zastava Specijalni Automobili” Sombor, Konjeviceva 86, reg. no. 08234477** (the “Company”), that makes 89.52% of the total capital of the Company, and 100% stake of the Development Fund in the Company, that makes 9.71% of the total capital of the Company. In total, 99.23% of the capital

of the **Limited liability company for production and sale of multipurpose-vehicles “Zastava Specijalni Automobili” Sombor, Konjeviceva 86, reg. no. 08234477**, is offered for sale. Grupa Zastava Vozila and the Development Fund have set the starting prices for their stakes in the Company at RSD 570,000,000 (five hundred and seventy million dinars) and RSD 61,826,408.00 (sixty one million, eight hundred twenty six thousand, four hundred and eight dinars) respectively, thus the cumulative starting price for stakes of both Grupa Zastava Vozila and the Development Fund is set at RSD 631,826,408 (six hundred thirty one million, eight hundred and twenty six thousand four hundred and eight dinars). Stakes of Grupa Zastava Vozila and the Development Fund are offered for the sale collectively and the acquisition of the stakes separately shall not be possible.

Stakes are offered for sale as seen, without right to subsequent complaints.

Obligatory public sale conditions:

The starting price in the public bidding process is set at **RSD 631,826,408.00** (six hundred thirty one million eight hundred twenty six thousand four hundred and eight dinars) total for stakes of “Grupa Zastava Vozila” and the Development Fund in the Company.

The purchase price must be paid as **lump sum**.

The payment of the purchase price should be made in the Serbian currency dinar if the buyer is domestic individual or domestic legal entity. If the buyer is foreign individual or foreign legal entity the payment of the purchase price shall be made in euros, according to instructions given by the Privatization Agency.

Deposit for the participation in the public bidding process amounts to 63,000,000 RSD (sixty three million dinars). If the buyer is a foreign individual or a legal entity, the amount should be paid in euros, according to instructions given by the Privatization Agency. In case the first-class bank guarantee is submitted as the means for deposit payment, it must be collectible within 48 hours after declaration of the buyer in the public bidding process.

Participation prequalification:

The buyer of the stakes can not be: a domestic legal entity in majority social ownership, individual, legal entity or the founder of a legal entity which has due but unsettled liabilities toward the Company, as well as a subsidiary of Grupa Zastava Vozila.

The right to participate in the bidding shall be granted to:

- **Domestic or foreign legal entity that fulfills all of the following conditions cumulatively:**

- It has been registered for production or distribution of motor vehicles and it has been operating within this activity for at least the last three business years continuously
- It has realized operating revenues of at least € 10,000,000.00 (ten million Euros) for the last three fiscal years, cumulatively.

It will be deemed that the legal entity fulfills the required prequalification if it is the owner of more than 50% of capital of the legal entity which cumulatively fulfills the required prequalification for participation in the public bidding process.

- **Domestic or foreign individual:**

- Who is the owner of more than 50% of capital of the legal entity which cumulatively fulfills the required prequalification for participation in the public bidding process

- **Consortium composed of domestic and/or foreign legal entities and/or individuals (hereinafter: the Consortium), which cumulatively fulfills the following criteria:**

- All Consortium members have signed a written Consortium Agreement and have duly notarized it at Court (for domestic legal entities or individuals) or some other relevant authority (for foreign legal entities or individuals);
- each member of the Consortium assumes unlimited joint and several liability of all Consortium members according to the Consortium Agreement
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Company so that one Consortium member has at least 51% of the total share in the Consortium (hereinafter: Consortium Leader);
- All Consortium members have signed a notarized power of attorney for the representing member of the Consortium
- Consortium Leader fulfills required prequalification for the participation in the public bidding process

Requirements for the buyer:

The declared buyer shall be obliged to undertake the liability with respect to regulating the rights of the employees who have been made redundant, maintaining continuity in the production volume during the specified period of time, and maintaining production in the core activity field for a specified time period.

The buyer commits to invest RSD 40,000,000 (forty million dinars) in the period of one year from the date of the execution of the sale and purchase agreement.

Furthermore, by submitting the application to participate in the bidding the buyer confirms its unconditional acceptance of all conditions stated in the Instructions to Participants, which is integral part of the purchased documentation, as well as the rights and obligations set out in the draft of the Sale and Purchase Agreement (appendix to the sale documentation).

The sale (bidding) documentation:

The sale documentation contains:

- Confidentiality Agreement
- Application Form for participation in the public bidding process
- Draft Sale and Purchase Agreement
- Rules of the bidding process – instructions to the participants in the bidding process
- Relevant proprietary – legal documentation
- A copy of the public invitation for participation in the bidding process

Interested parties can purchase the sale documentation at the price of **RSD 40,000.00** (forty thousand dinars) excluding VAT, after the receiving invoice from the Privatization Agency. The purchase of the sale documentation is obligatory and on the occasion of receiving the sale documentation, the Confidentiality Agreement will be signed

After the proof of payment has been submitted, the bidding documentation may be collected at the following address:

Privatization Agency, Beograd, Terazije 23, office 511 (5th floor) from 9 January 2008 until 12 February 2008 from 9am until 4.30pm every working day.

The amount paid for purchasing the sale documentation is nonrefundable.

The parties that purchase the bidding documentation and sign the Confidentiality Agreement will be granted the right to visit the Company. The time of such site visits shall be determined in accordance with the Rules of the Public Bidding Process – Instructions to Participants in the Bidding Process.

Submission of the application for participation in the public bidding:

Applications shall be submitted directly to the Privatization Agency, Terazije 23, Belgrade 4th floor, in a sealed envelope clearly marked as follows:

Bid Code: **220208-P**
APPLICATION FOR PARTICIPATION IN THE PUBLIC BIDDING PROCESS
Privatization Agency of the Republic of Serbia
Terazije 23, Belgrade

The deadline for submission of application for participation in the public bidding process is 13 February 2008 at 4.30pm.

In the case the name of the Company or the Sale Code is disclosed on the envelope, the application may be rejected.

The application for participation in the bidding process is made by completing a special form included in the bidding documentation. Together with the application for participation in the bidding process, the interested party must submit a draft sale and purchase agreement, signed and initialed on every page, as well as the deposit placement confirmation (i.e. the bidding guarantee), as well as the documentation confirming fulfillment of all the prequalification requirements – registry extracts and proof of operating revenues for the last three business years.

Applications that are late or incomplete shall not be taken in consideration.

The bid commission supervising the sale process shall notify the applicants whether their application was successful no later than two business days before the date of the public bidding.

The interested parties whose applications are approved, but that fail to register will lose the right to refund their deposits, i.e. their bid guarantee. The right to deposit refund is also forfeited if the applicant registers but fails to attend the public bidding.

The public bidding:

The public bidding shall be held on **22 February 2008** at **2pm** at the Privatization Agency, Belgrade, Terazije 23, 2nd floor, Large Hall.

Registration of participants for the public bidding process shall be held at the same address between **1pm** and **1.50pm** on **22 February 2008**.

The exact details of the public bidding are given in the Rules of the Public Bidding Process.

The participants that are not declared as buyers shall be given their deposits, i.e. bidding guarantees back no later than 15 days from the date of conclusion of the public sale, except for the participant that has placed the second highest offer in the public bidding process.

The right to change the Public invitation:

The Privatization Agency, Grupa Zastava Vozila and the Development Fund reserve the right to change the dates, deadlines and/or conditions of this public invitation, and shall not be held liable for any potential losses or damages suffered by potential participants in the public bidding due to such changes.

The Agency shall notify potential bidding participants about any changes up until the date of the public bidding at the latest.

Contact persons:

For all information relating to the sale documentation and the Company please contact:

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For the purchase of the sale documentation please contact:

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