

Based on Articles 28 and 69 of the Law on Privatization ("Official Gazette of the RoS", Nos. 38/2001, 18/2003 and 45/2005), Article 9 of the Law on the Privatization Agency ("Official Gazette of the RoS", Nos. 38/2001 and 135/2004), and Articles 9 and 10 of the Law on the Share Fund ("Official Gazette of the RoS", Nos. 38/2001 and 45/2005),

PRIVATIZATION AGENCY
(hereinafter: "Agency")
issues this:
PUBLIC INVITATION

for participation in the public tender for sale of 4,726,265 shares with CFI code: ESVUFR, ISIN number: RSBIPBE05999, with nominal value of 600.00 dinars (hereinafter "Block of Shares"), owned by the Development Fund of the Republic of Serbia, Share Fund, and PIO Fund of the Republic of Serbia, representing 51.90242% of the total registered capital of the company:

Akcionarsko drustvo "Beogradska industrija piva, slada i bezalkoholnih pica", Beograd
(hereinafter: "Company")

Tender Code: **BIP 03/07**

1. Total registered capital of the Company consists of 28.45623% of the capital owned by the Development Fund, 17.49698% of the capital owned by the Share Fund of the Republic of Serbia, 5.94921% of the capital owned by the PIO Fund, and 48.09758% of the capital owned by individual shareholders.
2. The Agency is offering for sale the Block of Shares comprised of 4,726,265 shares with CFI code: ESVUFR, ISIN number: RSBIPBE05999, with nominal value of 600.00 dinars, of which 2,591,241 shares are owned by the Development Fund of the Republic of Serbia, 1,593,285 shares are owned by the Share Fund of the Republic of Serbia, and 541,739 shares are owned by PIO Fund, representing 51.90242% of the total capital of the Company, a well known domestic beer and beverages producer.
3. Information about the Company:

Address: Bulevar Vojvode Putnika 5, 11 000 Belgrade, Republic of Serbia
Phone: +381(11) 2651-322
Fax: +381(11) 3692-978

Activity: Production of beer

More details about the Company are available at:
http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_11905.pdf

Detailed information about the Company, as well as the Information Memorandum (hereinafter: "Tender Documents") shall be available to all interested tender participants after signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6,000 (Euro six thousand).

The Agency has appointed **BDO BC Excel**, Belgrade, as the consultant in this privatization procedure (hereinafter: "Consultant").

4. A bid may be submitted by:

A. An interested bidder that fulfills the following conditions:

- it has purchased the Tender Documents, and
- it fulfills at least one of the following conditions:

either

a) it has been engaged in production of beverages for at least the last 3 business years in continuity, and achieved operating revenues of at least EUR 10,000,000 (Euro ten million) in 2006;

or

b) is a financial investor (a legal entity whose core activity is investing money, which exists at least the last 3 business years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50,000,000 (Euro fifty million) in 2006;

or

c) is an investor who achieved operating revenue in excess of EUR 30,000,000 (Euro thirty million) in 2006;

If the interested bidder is a subsidiary that does not fulfill the conditions from this clause of the Public Invitation, its parent company has the right to submit the bid, if it fulfills these conditions. The parent company has the right to submit the bid if the subsidiary purchased the Tender Documents.

If the interested bidder is a parent company that does not fulfill conditions from this clause of the Public Invitation, its subsidiary has the right to submit the bid, if it fulfills these conditions. The subsidiary has the right to submit the bid if the parent company purchased the Tender Documents.

B. If the interested bidder is a Consortium, it must cumulatively fulfill the following conditions:

- All Consortium members have passed the Decision on organizing and entering the Consortium,
- All Consortium members have concluded a written Consortium Agreement and certified it with the Court, i.e. other competent body (in the case of foreign legal entities and natural persons),
- Each Consortium member assumed unlimited joint and several liability by the provisions of the Consortium Agreement,
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Company, provided that at least one Consortium Member has no less than 51% of share in the Consortium (hereinafter "Consortium Leader"),
- All Consortium members have signed a certified Power of Attorney for the member representing the Consortium,
- All Consortium members have signed the Confidentiality Agreement,
- At least one member of the Consortium has purchased Tender Documents,
- The Consortium Leader fulfills at least one of the following conditions:

either

a) it has been engaged in production of beverages for at least the last 3 business years in continuity, and achieved operating revenues of at least EUR 10,000,000 (Euro ten million) in 2006;

or

b) is a financial investor (a legal entity whose core activity is investing money, which exists at least the last 3 business years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50,000,000 (Euro fifty million) in 2006;

or

c) is an investor who achieved operating revenue in excess of EUR 30,000,000 (Euro thirty million) in 2006;

5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for purchasing the Tender Documents for the Company, no later then by **March 02, 2007**.

Tender Documents will be available to interested parties from February 07, 2007.

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, clearly marked with "Request for Purchasing the Tender Documents – Tender Code: BIP 03/07".

Upon receipt of this request, an invoice for payment of the Tender Documents Fee, as well as the Confidentiality Agreement for signature, shall be forwarded to the applicant's authorized

representative by mail, e-mail, or fax. The signed Confidentiality Agreement must be immediately faxed and mailed back to the Consultant at the address below.

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement, and the proof of payment of the Tender Documents Fee, the Consultant shall, after the lapse of the deadline from Paragraph 2 of this Clause, deliver the Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.

The Consultant and the Agency shall not be liable in case of loss or delay that may occur in delivery of any document.

6. The deadline for submitting final binding offers for purchase of the Block of Shares by interested bidders is **March 30, 2007 at 5 p.m.** (Belgrade time).

If necessary, the Privatization Agency retains the right to change the terms and conditions of this Public Invitation.

As a prerequisite for submitting a bid, it is required to pay deposit or to submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

7. For any questions pertaining to this Public Invitation, interested parties may contact persons listed below, in the Serbian or the English language.

BDO BC Excel
Knez Mihailova 10 / III
11000 Belgrade
Republic of Serbia
Aleksandar Đorđević
Manager
Phone: +381 11 32 81 411
Fax: +381 11 32 81 808

E-mail: aleksandar.djordjevic@bdo.co.yu

Privatization Agency Republic of
Serbia
Terazije 23
11000 Belgrade
Republic of Serbia
Časlav Obradović, Project Manager
Public Tender Center
Phone: +381 11 30 20 855
Fax: +381 11 30 20 816

E-mail: cobradovic@priv.yu