

In accordance with the Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" nos. 38/2001 and 18/2003), the **Privatization Agency of the Republic of Serbia** (hereinafter: "the Agency") hereby announces a:

PUBLIC INVITATION

For participation at the Public Tender for divestment of 70% of socially owned capital in:

"Vrsacki vinogradi" A.D., Vrsac

Tender Code: VRV 05/04

1. The total registered capital of "Vrsacki vinogradi" A.D., Vrsac (hereinafter "Entity undergoing privatization"), consists of 84,48% socially owned capital and 15,52% share capital. The Agency offers for sale 70% of socially owned capital of the Entity undergoing privatization, who is a leading producer of grape, wine and other spirits.
2. Details about the Entity undergoing privatization:

Address: **Svetosavski trg 1, 26300 Vrsac, Republic of Serbia, Serbia & Montenegro**

Phone: **+381 13 822 835**

Fax: **+381 13 813 883**

Industry: **Production of grape and wine**

More details about the Entity undergoing privatization are available at

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_324.pdf

Detailed information on the Entity undergoing privatization along with the Information Memorandum (hereinafter "the Tender Documents") will be made available to all interested parties after signing the Confidentiality Agreement and purchasing the Tender Documents. The Tender Documents fee is EUR 5,000.00 (Euro five thousand) plus EUR 1,000.00 (Euro one thousand) sales tax.

3. The Agency has appointed Raiffeisen Investment AG ("RIAG") to act as consultant in this privatization process.
4. Following parties may submit a bid:
 - (i) A potential bidder that fulfills the following requirements:
 - Has purchased the Tender Documents; and
 - That it:
 - a) has either been engaged in production of grape and/or production of wine and/or production of grafts for vineyards and/or production of equipment for wine industry for at least the last 3 years, and achieved revenue in excess of EUR 10 million (Euro ten million) in 2003;
 - b) or is a Financial Investor (whose core business is investment of money, that exists at least 3 years and includes investment companies, mutual funds, insurance companies, pension funds and

- investment banks) with a minimum of EUR 50 million (Euro fifty million) in total operating assets in 2003;
- c) or is an investor that achieved revenue of more than EUR 50 million (Euro fifty million) in 2003.

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

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

(ii) If a potential bidder is a Consortium, it is necessary that it fulfills the following requirements:

- All Consortium members have made the decision on organizing and entering into the Consortium;
- All the Consortium members have made a written Consortium Agreement and notarized it at the Court;
- Each member of the Consortium assumes a several and joint unlimited liability by the provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Entity undergoing privatization ;
- 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 of the Consortium members has purchased the Tender Documents;
- A member of the Consortium with the largest share in the Consortium fulfills one of the following requirements:
 - a) either it has been engaged in production of grape and/or production of wine and/or production of grafts for vineyards and/or production of equipment for wine industry for at least the last 3 years, and that it achieved revenue in excess of EUR 10 million (Euro ten million) in 2003;
 - b) or it is a Financial Investor (legal entity whose core business is investment of money, that exists for at least 3 years and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with a minimum of EUR 50 million (Euro fifty million) in total operating assets in 2003;

- c) or It is an Investor that achieved a revenue of more than EUR 50 million (Euro fifty million) in 2003.
5. The Agency hereby invites all the interested parties to submit a written request for the purchase of the Tender Documents for the Entity undergoing privatization, by **January 28th 2005**;
- The Tender Documents shall be available to the interested parties starting from **December 20th 2004**.
- The written request for purchasing the Tender Documents shall be sent by post, e-mail or facsimile to RIAG and shall clearly display the reference "Request for purchase of the Tender Documents – Tender Code VRV 05/04".
- Upon receiving the request, an invoice for paying the Tender Documents Fee as well as the Confidentiality Agreement for signature shall be forwarded to the tender participant's authorized representative by post, e-mail or facsimile. The signed Confidentiality Agreement shall be immediately faxed and mailed back to RIAG to the address below.
- Upon receiving the signed Confidentiality Agreement and evidence of payment of the Tender Documents Fee, RIAG shall immediately forward the relevant Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.
- RIAG and the Agency shall not be held liable for any loss or delay that may occur in the delivery of any document.
6. The deadline for submission of the final binding offers for the acquisition of the capital is **February 25th 2005, at 05:00 p.m. (Belgrade time)**. If necessary, the Agency reserves the right to amend the deadlines of this Public Announcement. As a prerequisite for submitting a bid, it is necessary to pay a deposit or submit a Bid Bond in the amount of **EUR 50,000.00 (Euro fifty thousand)**.
7. All the questions relating to this Public Invitation should be directed to RIAG contact persons below:

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