

In accordance with Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" nos. 38/2001, 18/2003 and 45/2005), the Privatization Agency of the Republic of Serbia (hereinafter: "the Agency") hereby announces a:

PUBLIC INVITATION

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

**Društveno poljoprivredno preduzeće "Mitrosrem" Sremska Mitrovica
(Hereinafter "Entity undergoing privatization")**

Tender Code: **MIT 04 /06**

1. The total registered capital of the Entity undergoing privatization consists of 100% socially owned capital.
2. The Agency is offering for sale 70% of socially owned capital of the Entity undergoing privatization, an important manufacturer of agricultural products.
3. Details about the Entity undergoing privatization:

Address: **Trg Svetog Dimitrija, 22000 Sremska Mitrovica, Republic of Serbia, Serbia and Montenegro**

Phone: **+381 22 610 366**

Fax: **+381 25 610 364**

Industry: **Cultivation of wheat, other crops and plants**

More details about the Entity undergoing privatization are available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_3353.pdf

Detailed information on the Entity undergoing privatization along with the Information Memorandum (hereinafter "the Tender Documents") will be made available to all interested tender participants upon signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6,000.00 (Euro six thousand).

The Agency has appointed Raiffeisen Investment AG ("Consultant") to act as a Consultant in this privatization process.

4. A bid may be submitted by:

- A. A potential bidder that fulfils the following requirements:

- Has purchased the Tender Documents, and
- Fulfills one of the following requirements:
 - a) it has either been engaged in production and/or processing and/or trade of agricultural products for at least the last 3 years in continuity, and achieved operating revenues of at least EUR 15,000,000 (Euro fifteen million) in 2005;
 - b) **or** is a financial investor (legal entity whose core activity is investment of money, which exists for at least the last 3 years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with total operating assets exceeding EUR 40,000,000 (Euro forty million) in 2005;
 - c) **or** is an investor that achieved operating revenues exceeding EUR 25,000,000 (Euro twenty-five million) in 2005.

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

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- B. If a potential bidder is a Consortium, it is necessary that it fulfills cumulatively the following requirements:

- All Consortium members have made the decision on organizing and entering into the Consortium;
- All Consortium members have signed a written Consortium Agreement and duly notarized it at Court or other relevant authority (in case of foreign legal entities and individuals);

- Each member of the Consortium assumes an unlimited joint and several liability according to 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;
 - The Consortium fulfills at least one of the following requirements:
 - (a) at least 51% of the total share in Consortium is held by Consortium members that are engaged in production and/or processing and/or trade of agricultural products for at least the last 3 years in continuity, and such Consortium members (consortium members having experience in stipulated activity) cumulatively achieved operating revenues of at least EUR 15,000,000 (Euro fifteen million) in 2005; **or**
 - (b) at least one Consortium member, with at least 51% share in Consortium, is a financial investor (legal entity whose core activity is investment of money, which exists for at least the last 3 years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with total operating assets exceeding EUR 40,000,000 (Euro forty million) in 2005; **or**
 - (c) all Consortium members cumulatively generated operating revenues exceeding EUR 25,000,000 (Euro twenty-five million) in 2005.
5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for purchase of the Tender Documents for the Entity undergoing privatization, by **May 31, 2006 at 5 p.m. Belgrade time**;

The Tender Documents shall be available to the interested parties starting from May 08, 2006.

A written request for purchase of the Tender Documents shall be sent by post, e-mail or facsimile to Consultant at the address below, and shall clearly display the reference "Request for purchase of the Tender Documents – Tender Code **MIT 04/06**".

Upon receipt of 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 fax. The signed Confidentiality Agreement shall be immediately faxed and mailed back to Consultant to the address below.

Upon receiving the signed Confidentiality Agreement, evidence of authorization for the person signing the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, Consultant shall forward the relevant Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.

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

The deadline for submission of the final binding offers for the acquisition of 70% of socially owned capital of the Entity undergoing privatization by interested bidders is **June 30, 2006, at 5 p.m. (Belgrade time)**. If necessary, the Agency reserves the right to amend the terms and deadlines of this Public Invitation. As a prerequisite for submitting a bid, it is required to pay a deposit or submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

6. All questions relating to this Public Invitation should be directed by interested parties to Consultant contact persons below:

Biljana Pommerville
Phone: (+381 11) 21 29 219
Fax: (+381 11) 21 29 213
E-mail: b.pommerville@riag.co.yu

Raiffeisen Investment AG
Bulevar AVNOJ-a 64a
11070 Beograd, Serbia and Montenegro

Aleksandra Stefanović
Phone: (+381 11) 21 29 216
Fax: (+381 11) 21 29 213
E-mail: a.stefanovic@riag.co.yu

Raiffeisen Investment AG
Bulevar AVNOJ-a 64a
11070 Beograd, Serbia and Montenegro