

Based on the Restructuring Program and Amendments no. 1 of the Restructuring Program of the company «Magnohrom» d.o.o, Kraljevo in restructuring, ID number 07195508 (hereinafter: the Company) Decisions of the General Assembly of the Company no. 1101 dated September 28, 2011 and no. 1241 dated October 28, 2011, and accepted resolutions of the Privatization Agency (hereinafter: Agency) no. 10-4044/11-359/02 dated September 29, 2011 and 10-5079/11-359/02 dated November 9, 2011, in accordance with Article 9 of the Law on the Privatization Agency («Official Gazette of the Republic of Serbia», no. 38/2001, 135/2004, and 30/2010), Article 28 of the Law on Privatization («Official Gazette of the Republic of Serbia», no. 38/2001, 18/2003, 45/2005, 123/2007, 123/2007 – other law and 30/2010 – other law), and the Conclusion of the Government of the Republic of Serbia 05 no: 023-218/2009-2 dated January 29, 2009, the Agency announces

PUBLIC INVITATION TO PARTICIPATE IN THE PUBLIC TENDER FOR THE SALE OF THE PROPERTY UNIT OF THE COMPANY «MAGNOHROM» D.O.O. KRALJEVO – IN RESTRUCTURING as is

FACTORY OF ELECTRO-THERMIC PRODUCTS (FETP)

Tender code: **FETP 06/11**

1. Subject of Sale

The subject of the sale is the real estate and the movable property of FETP as part of the Company, specifically:

- **Buildings that are located on the land owned by the Republic of Serbia with a total area of 103,407 m² that the Company has the right to use, cadastre plot 5297/7, Land Registry Extract no. 8020 KO Kraljevo:**
 1. Property no. 1 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 7300 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Hala TA - peći» (eng. Hall of storage heater furnace);
 2. Property no. 2 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 1499 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Magacin gotove robe» (eng. Finished goods warehouse);
 3. Property no. 3 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 1132 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Magacin gotove robe» (eng. Finished goods warehouse);
 4. Property no. 4 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 2891 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Magacin gotovih proizvoda» (eng. Finished products warehouse);
 5. Property no. 5 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 4106 m². The facility is licensed for use

and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Hala cevnih grejača» (eng. Hall of tubular heaters);

6. Property no. 6 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 1362 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Hala cevnih grejača» (eng. Hall of tubular heaters);
7. Property no. 7 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 1349 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Hala cevnih grejaca» (eng. Hall of tubular heaters);
8. Property no. 8 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 653 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Magacin hemikalija» (eng. Chemical warehouse);
9. Property no. 9 – Other Buildings – Restaurant and Wardrobe. According to the Real Estate Cadastre the area of the land under the property is 1685 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Kuhinja» (eng. Kitchen);
10. Property no. 10 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 806 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Zgrada energane» (eng. Power plant building);
11. Property no. 11 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 195 m². The facility has a building permit and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Drvena zgrada – baraka» (eng. Wooden building – barrack);
12. Property no. 12 – Substation. According to the Real Estate Cadastre the area of the land under the property is 64 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Trafostanica» (eng. Substation);
13. Property no. 13 – Auxiliary Building – Gate. According to the Real Estate Cadastre the area of the land under the property is 95 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Portirnica» (eng. Reception desk);
14. Property no. 14 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 1526 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Hala za proizvodnju kazana» (eng. Hall for the production of boilers);
15. Property no. 15 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 738 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Skladište» (eng. Storage);
16. Property no. 16 – A building for the manufacture of electrical machinery and appliances. According to the Real Estate Cadastre the area of the land under the property is 161 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Skladište» (eng. Storage);
17. Property no. 17 – Auxiliary Building – According to the Real Estate Cadastre the area of the land under the property is 12 m². The facility was built without a building permit, and has been registered as a public

- property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Pomocna zgrada» (eng. Auxiliary Building);
18. Property no. 18 – Auxiliary Building – According to the Real Estate Cadastre the area of the land under the property is 14 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Portirnica» (eng. Reception desk);
 19. Property no. 19 – Substation. According to the Real Estate Cadastre the area of the land under the property is 64 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Trafostanica» (eng. Substation);
 20. Property no. 20 – Auxiliary Building – According to the Real Estate Cadastre the area of the land under the property is 66 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Bravarska radionica» (eng. Locksmith's workshop);
 21. Property no. 21 – Auxiliary Building – According to the Real Estate Cadastre the area of the land under the property is 50 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Skladiste za amonijak» (eng. Storage of ammonia);
 22. Property no. 22 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 51 m². The facility has a building permit and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Skladiste opasnog otpada» (eng. Hazardous waste storage);
 23. Property no. 23 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 13 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Podstanica za gas» (eng. Gas substation);
 24. Property no. 24 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 111 m². The facility has a building permit and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Postrojenje za preciscavanje otpadnih voda» (eng. Waste water treatment plant);
 25. Property no. 25 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 90 m². The facility has a building permit and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Bazen otpadnih voda» (eng. Wastewater pool);
 26. Property no. 26 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 367 m². The facility has a building permit and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Upravna zgrada» (eng. Administration building);
 27. Property no. 27 – Auxiliary Building – Reception desk. According to the Real Estate Cadastre the area of the land under the property is 66 m². The facility was built without a building permit, and has been registered as a public property over which the Company has possession rights. In the bookkeeping records of the Company the property is recorded as «Prodavnica» (eng. Store);
 28. Property no. 29 – Auxiliary Building. According to the Real Estate Cadastre the area of the land under the property is 96 m². The facility has a building permit for a temporary facility. In the bookkeeping records of the Company the property is recorded as «Garaza» (eng. Garage);
 29. Property no. 30 – Substation. According to the Real Estate Cadastre the area of the land under the property is 9 m². The facility is licensed for use and the holder of the ownership rights is the Company. In the bookkeeping records of the Company the property is recorded as «Trafostanica» (eng. Substation).

- On the cadastral plot 5297/7, there are also accompanying infrastructural facilities which are not recoded in the Real Estate Cadastre.

Operating equipment, according to the specification given in the Movable Property List included in the Tender documents.

A detailed description and the specifications of the real estate and movable property listed for sale are included in the Tender documents. The subject of sale is to be sold in an “as is” condition, without the possibility of subsequent claims.

2. Information on the Company and the Subject of sale:

Company «Magnohrom» d.o.o. Kraljevo – in restructuring – Property of the Factory of Electro-thermic products

Address: Dositejeva 314, Kraljevo, Republic of Serbia

Tel: +381 (36) 383-258

Fax: +381(36) 334-906

Activity of the FETP property unit: Production of electric household appliances

Detailed information on the Company and the Subject of sale, as well as the Instructions to Bidders (from here on: «Tender documents») will be available to all interested participants after they sign a Confidentiality Agreement and pay a fee for the Tender documents.

The Tender documents fee is EUR 5,000, payable in Serbian dinars according to the median exchange rate published by the National Bank of Serbia on the date of the invoice issuance.

3 The following parties have a right to submit an offer

3.1. An interested bidder, a legal entity, which meets the following requirements:

- a) That has purchased the Tender documents;
- b) That has signed the Confidentiality Agreement;
- c) That meets one of the following conditions:
 - Is a legal entity that is registered for the predominant activities of production and/or trade in electric appliances; or
 - Is a financial investor (a legal entity whose primary business activity relates to money investments) such as private equity companies, investment companies, mutual funds, insurance companies, pension funds and investment banks, with the business asset value (total operating assets) no less than EUR 5,000,000 (five million Euros) in the year 2010.

If the interested party is a subsidiary company not meeting the conditions set in this Article of the Public Invitation, its parent company may have the right to submit an offer if it meets all the conditions set forth. The parent company which meets the conditions set forth in this invitation will then have right to submit its offer even if its subsidiary purchased the Tender documents.

If the interested party is a parent company which does not meet the conditions set forth in this Article of the public invitation, its subsidiary company may be eligible to submit its offer if it meets the conditions set forth. A subsidiary company which meets the conditions set forth in this public invitation is eligible to submit its offer if its parent company purchased the Tender documents.

3.2. If the interested party is a Consortium, it is necessary that it meets the following conditions cumulatively:

- All of the members of the Consortium have made a decision on organizing and joining the Consortium;

- All of the members of the Consortium have concluded a Consortium Agreement and have had it verified in Court, or with another competent authority (in case of foreign legal entities and natural persons);
- All of the members of the Consortium, have undertaken an unlimited joint liability for all obligations arising from or related to this Tender, in accordance with the Consortium Agreement;
- The Consortium Agreement specifies the percentage share of each member of the Consortium in the purchase of the Subject of sale which will in turn, in case of the conclusion of a Sales Agreement, represent the co-ownership share of each member of the Consortium;
- The Consortium Agreement specifies a member which represents the Consortium;
- All members of the Consortium have signed the Confidentiality Agreement;
- At least one member of the Consortium has purchased the Tender documents; and
- The Consortium member which has at least 51% share in the Consortium (Consortium leader) is a legal entity that meets one of the following conditions:
 - Is a legal entity that is registered for the predominant activities of production and/or trade in electric appliances; or
 - Is a financial investor (a legal entity whose primary business activity relates to money investments) such as private equity companies, investment companies, mutual funds, insurance companies, pension funds and investment banks, with the business asset value (total operating assets) no less than EUR 5,000,000 (five million Euros) in the year 2010.

3.3. The property buyer cannot be:

1. Domestic legal entity with a majority of share of socially-owned capital in its ownership structure;
2. An individual, company, or company founder that has outstanding liabilities toward the Company unpaid as at the Bid Submission Date;
3. An individual, company, or company founder with whom the Agreement on sale of capital or assets in the privatization process has been terminated due to unfulfilled contractual obligations;
4. An individual who has been convicted of or charged before the criminal court for criminal acts under the Article 12 of the Law on Privatization («Official Gazette of the Republic of Serbia», no. 38/2001, 18/2003, 45/2005, 123/2007 – other law and 30/2010 – other law).

Company in which the person referred to under 2), 3), and 4) is considered to be a controlling member of the company or a controlling shareholder pursuant to the Laws Governing Business Entities cannot be the buyer of the company's property.

The buyer of the company's property cannot be its Parent company, or subsidiary of the company;

Offers submitted in breach of the above stated will be rejected without consideration.

4. Minimum price

The Minimum price for the Subject of sale is: EUR 1,722,171.00 (in written: one million seven hundred and twenty two thousand one hundred and seventy one Euros).

5. Minimum social program

The Minimum social program is a mandatory requirement that the Buyer has to accept fully and completely. It includes taking over the indefinite employment of all employees at the FETP on the date of the conclusion of the Sales Agreement. The Buyer will be obliged to conclude their employment contracts, according to the list that contains their names, surnames, and their professional qualifications which is enclosed within the appendix of the Sales Agreement, in accordance with the Labor law within 15 calendar days from the day of the conclusion of the Sales Agreement. Also the Buyer may not terminate the employment of any of the employees on the basis of redundancy for a period of one year.

6. Minimum investment program

The Minimum investment program is a mandatory requirement that every bidder has to fully accept. It includes the obligation for the Buyer to provide, out of his own resources, a minimum investment of EUR 500,000 (in writing: five hundred thousand Euros) within two years following the purchase, in accordance with the Sales Agreement.

The Buyer is required to realize the minimum investment program into the fixed assets which are in the production function of FETP, in order to improve the working conditions and improve work efficiency, within a period of two years following the conclusion of the Sales Agreement.

The Buyer is required to provide a Performance Bond by which he will guarantee the fulfillment of obligations from the social and investment program.

7. Continuity of Activities

Continuity of Activities is a mandatory requirement that each bidder must fully accept and that includes the obligation of the buyer to maintain the continuity of production of the activities of the FETP property unit, for a period of at least five years following the conclusion of the Sales Agreement.

8. Purchase of the Tender documents

The Agency hereby invites all interested parties to submit a written request for the purchase of the Tender documents relating to the Subject of sale and pay the fee for the Tender documents, due **December 2, 2011**.

The Tender documents will be available to all interested parties as of November 18, 2011.

A written request for the purchase of the Tender documents should be submitted to the Agency by mail, email or fax to the address of the Privatization Agency stated in Article 11 of the Public invitation, clearly indicating the following:

«Request for the purchase of the Tender documents – tender code FETP 06/11»

Upon the receipt of this request, the participating authorized party will be provided with the invoice for the payment of the fee for the Tender documents and will be provided with a Confidentiality agreement for signature by mail, email or fax. The signed Confidentiality agreement has to be, without delay, sent by fax and mail to the Agency to the address stated in Article 11 of the Public invitation, or submitted to the registry of the Agency at the same address.

Upon the receipt of the Confidentiality agreement, proof of authorization for the party that has signed the Confidentiality agreement and the proof of payment of the fee for the Tender documents, the Adviser will, upon the expiration date from Clause 2 of this Article, deliver the Tender documents to the party participating in the public tender by mail/email or will give it to their authorized representative.

The Adviser and the Agency are not liable in case of loss or delayed delivery of any of the documents.

9. Deadline for the submission of bids

The deadline for the submission of the final binding offers for the purchase of the Subject of sale by the interested parties is 16:30 (Belgrade time) **December 16, 2011**.

10. Deposit/Bid bond

As a prerequisite for the submission of bids, it is necessary to pay a deposit or submit a Bid bond guarantee of EUR 172,000.00 (in written: one hundred and seventy two thousand Euros).

11. Questions and additional clarifications

For all questions regarding to this public invitation, please contact the following persons, in Serbian or English.

<p>Nadežda Ćurčić Project Manager Center for Privatization Privatization Agency</p> <p>Terazije 23, 11000 Belgrade, Serbia</p> <p>tel: +381 11 302 08 55 fax: +381 11 302 08 16 e-mail: ncurcic@priv.rs</p>	<p>Aleksandra Petrović Manager Financial Advisory Deloitte d.o.o.</p> <p>Terazije 8, 11000 Belgrade, Serbia</p> <p>tel: +381 11 38 12 127 fax: +381 11 38 12 121 e-mail: alpetrovic@deloittece.com</p>
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If required, the Agency reserves the right to change dates, deadlines and/or conditions from this Public invitation, and does not bear any liability for possible costs or damages that such changes have caused the participating parties.