

THE GOVERNMENT OF MONTENEGRO



COUNCIL FOR PRIVATIZATION AND CAPITAL PROJECTS

announces

PUBLIC INVITATION for participation in the tender process (“Tender“) for capital increase through construction of the factory and sale of shares of the company

NOVI DUVANSKI KOMBINAT AD PODGORICA

1. The subject of this Tender is:

- 1.1 sale of 7,669,611 (seven million six hundred sixty nine thousands six hundred and eleven) shares of the company New Tobacco Plant JSC Podgorica (“**The Company**”) or 100% of the share capital of the company, together with Buyer’s obligation to propose and implement the Compulsory Investment Program for construction of the factory and organization of production, on the newly designated location in Podgorica or on another location subject to Sellers’ consent and to organize production on such location within 12 to 15 months from the closing date. The Buyer is obliged to organize production on the existing location before construction of the factory; or
- 1.2 capital increase of the company New Tobacco Plant JSC Podgorica without purchase of shares, in the amount of the Compulsory Investment Program for construction of the factory, with obligation of the investor to propose and implement the Compulsory Investment Program for construction of the factory and organization of production, on the newly designated location in Podgorica or on another location subject to Sellers’ consent and to organize production on such location within 12 to 15 months from the closing date. The investor is obliged to organize production on the existing location before construction of the factory. The share of the Government and the Capital Podgorica in the Company’s share capital shall be determined on the basis of the assessment by an independent appraiser, after the capital increase of the Company.

The share capital which is subject to the sale is in the ownership of the Government of Montenegro, 5,362,543 shares, which is 69.92% of the share capital and the Capital Podgorica with 2,307,068 shares, which is 30.08% of the share capital.

2. Information on the Joint Stock Company:

Novi duvanski kombinat akcionarsko društvo Podgorica (New Tobacco Plant Joint Stock Company Podgorica) was established by the Decision no 06-10962/3 adopted by the Government of Montenegro, at its session held on 3 November 2011 and is existing in accordance with the laws of Montenegro, registered in the Central Registry of the Commercial Court of Podgorica under the number 4-0009323, with the total registered capital in the nominal amount of EUR 7,669,611 (seven million six hundred eighty nine thousand and six hundred eleven) divided into 7,669,611 (seven million six hundred eighty

nine thousand and six hundred eleven) ordinary shares. The nominal value of each share is EUR 1.00 (one).

The core activity of the Joint Stock Company is purchase, production and marketing of tobacco and tobacco products - activity code 1200. The identification number of the Joint Stock Company is 02860864.

3. Participation in the Tender shall be made available to all interested parties (including consortium) who have purchased the Tender Documentation and signed the Confidentiality Statement and are eligible in accordance with the section 6 and 7 of this Public Invitation ("Tender Participant")

4. Tender participant may submit a bid on the Tender if it meets one of the following requirements:

- (i) The Bidder must demonstrate in the manner provided in the Tender Documentation that it is registered and that it has experience in business activities of tobacco industry during at least five (5) years preceding the Public Invitation;
- (ii) The Bidder must demonstrate in the manner provided in the Tender Documentation that it made annual business revenue of 10,000,000 (ten million Euro) in the last business year preceding the Public Invitation and has the Letter of Intention or Management Agreement entered into with the company that meets the qualification requirements from the section 4 (i) of this Public Invitation.

(together the "**Qualifying Requirements**" and individually each "**Qualifying Requirement**").

The right to submit a bid also has the Tender Participant who has the direct ownership (with 100% participation) of the party fulfilling the Qualification Requirements.

Fulfillment of the Qualification Requirements shall be evaluated upon the receipt and opening of the bids.

The documentation submitted for the purpose of evaluating the fulfillment of the Qualification Requirements shall be specified in the tender documentation, which shall be delivered to the Tender Participants in accordance with the section 6 and 7.

5. Tender Participant may form a consortium with other persons prior to or after the purchase of the Tender Documentation and such consortium, may submit a bid under the following conditions:

- a) at least one Consortium member individually fulfills Qualification Requirements in accordance with the section 4 of the Public Invitation;
- b) Consortium agreement must provide for joint and several liability of the consortium members for the obligations from the tender and the sale and purchase agreement;

6. We hereby invite interested parties to submit a written request for purchase of tender documentation ("**Request**"), with a clear indication "Request for Purchase of Tender Documentation". Requests shall be considered timely if delivered to the Tender Commission for Privatization by mail, e-mail or fax, not later than **11st November 2015 until 3 p.m.** (local time).

7. After receiving the Request, the Tender Commission for Privatization shall deliver to the interested parties by mail, e-mail or fax, the instruction for payment of fee for the Tender Documentation in the amount of EUR 5.000,00 (five thousand euro) ("**Fee for Tender Documentation**"), as well as the Confidentiality Statement. The Tender Participants shall, without delay, provide the Secretary of the Tender Commission with the signed Confidentiality Statement and make the payment of the Fee for Tender Documentation. Confidentiality Statement must be delivered to the Tender Commission and the

payment of the Fee for Tender Documentation must be made to the account of the Privatization and Capital Projects Council ("**Council**"), not later than **13rd November 2015**.

Immediately upon the receipt of the signed Confidentiality Statement and Council's verification of the payment of the Fee for Tender Documentation, the Secretary of the Tender Commission shall provide the Tender Participants with the Tender Documentation, personally, by mail or e-mail. In case that the Tender Participant receives the Tender Documentation by mail or e-mail, it is obliged to submit to the Secretary of the Tender Commission a written confirmation of receipt.

9. The Tender Bid shall be submitted in accordance with the rules prescribed by the Tender Documentation and must be received by the Tender Commission for Privatization not later than **16th November 2015 at 12 am (local time)**. The Tender Commission reserves the right to amend this deadline, if necessary.

10. Together with the bid, the bidder shall pay the deposit or submit a Bid Bond in favor of the Council, in the amount of EUR 200,000.00 (*two hundred thousand euro*) in the form of an unconditional bank guarantee payable on first demand issued by a bank that has a credit rating of at least BBB by Standard and Poor's agency or the bank that is to be approved by the Tender Commission, in its discretion, upon prior written request.

11. The Bidder with whom the Seller signs the sale and purchase agreement shall be required to **pay the purchase price in cash**, to the accounts of the Sellers, within a period specified by the sale and purchase agreement, where applicable.

12. The Tender Commission for Privatization reserves the right to change certain provisions of this Public Invitation, including provisions that define certain deadlines.

13. For any questions concerning this Public Invitation, interested parties may contact the Tender Commission for Privatization to the following address:

THE GOVERNMENT OF MONTENEGRO
The Privatization and Capital Projects Council
The Tender Commission for Privatization

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