



AGJENCIA KOSOVARE E PRIVATIZIMIT
KOSOVSKA AGENCIJA ZA PRIVATIZACIJU
PRIVATISATION AGENCY OF KOSOVO

Board of Directors of Privatization Agency of Kosovo (PAK),

Pursuant to articles 1, 2, 5, 6, 8, 9, 15.2.1 and 15.2.12 of the PAK Law,

Approves:

SALES PROCEDURES WITH PUBLIC TENDER

30 January 2025

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LIST OF ABBREVIATIONS

PAK or Agency	Privatization Agency of Kosovo
BoD	Board of Directors
SCSC	Special Chamber of Supreme Court of the Republic of Kosovo
MD	Managing Director
SOE	Socially Owned Enterprise
IMB	Information Memorandum for Board
IMSAL	Information Memorandum for Sale of Assets in Liquidation

Article 1 Purpose

1. The purpose of this document is to establish internal procedures on the steps, function, and competency to be taken by organizational units within Privatization Agency of Kosovo (hereinafter the “PAK” or “Agency”) in the course of the process of the sale of the property of Socially Owned Enterprises in accordance with Agency’s legal authority, commencing from the inception of sales process to the sales closure, and involves the assets under liquidation procedures as well as the assets which have not yet been subject to such procedures.

Article 2

Initial procedures and selection of assets/new enterprises for sale

1. Regional Office in coordination with Liquidation Authority shall propose the sale of assets according to the following order of priority:
 - 1.1 Assets without any legal ownership issues.
 - 1.2 Assets of enterprises with small number of assets with purpose closing of liquidation process of Socially Owned Enterprises.
 - 1.3 Assets for which there has been a written request from potential investors.
2. Assets/new enterprises proposed for privatization or liquidation should always be supported by documentation provided by enterprise evidencing ownership of an asset for sale:
 - 2.1. ownership certificate;
 - 2.2. court decisions;
 - 2.3. decision of administrative authority;
 - 2.4. sale-purchase contract of SOE;
3. If the documentation under article 2 is missing, then, the assets/enterprises proposed for privatization and liquidation should be supported by documentation evidencing that the respective asset is owned by the Enterprise:
 - 3.1. property tax invoices and/or other invoices on municipal utilities;
 - 3.2. list of SOE assets;
 - 3.3. SOE management’s statement;
 - 3.4. any other document issued by the enterprise or any other relevant authority evidencing Enterprise’s ownership on the asset subject to sale, and through Agency’s reasonable assessment confirming the ownership of such asset;
 - 3.5. the area from site measurements has priority over the documents in Article 2.3 and serves as a ground for proposing new assets/enterprises for sale, only in those cases if none of the documents described in Article 2 paragraph are available.
 - 3.6. The surface area of the assets described in the asset list prepared by the SOE management, the management statement and other documents such as utility invoice

and public enterprise invoices may only be additional information in the sales documents, but may not be the ground for drafting the sales contract.

4. Surfaces according to the documents described in Article 2, paragraph 2 have priority over site measurements.
5. Excluded from the sale are assets for which there is a Decision on Interim Measure from the Special Chamber of the Supreme Court of the Republic of Kosovo.

Article 3

Assets/New Enterprises foreseen in the waves of asset sales

1. Taking into account the criteria set out above under Article 2, Regional Offices through Department for Regional Coordination and Operative and in consultation with Liquidation Authority should make the proposal for the sale of assets/new enterprises foreseen in respective waves of asset sales.
2. Cadastre Division carries out the review of assets/new enterprises foreseen in the waves of asset sales from cadaster point of view for further procedures. A site visit should be made by cadastre officer along with case officer, and a report should be made on the site visit, measurements, and the visual images which shall be part of the Board Brief document.
3. Tendering and re-tendering of assets/new enterprises from previous sales shall be placed in the list for approval by the Board following the approval by Management.
4. The list of assets for re-tendering is maintained and updated by the Asset Realization and Distribution Department.
5. In the event of the tendering of assets in liquidation 3 (three) times resulting in no bids submitted after the entry into force of this sale procedure, these assets may be treated according to the regulations for other sale alternatives approved by the Board.
6. In the event of the tendering of assets in liquidation 5 (five) times or more resulting in no bids submitted after the entry into force of this sale procedure, the list of these assets with all relevant information will be forwarded by the Regional Coordination and Operative Department to the Liquidation Authority to assess and consider the possibility of giving up the asset.
7. Each Information Memorandum for the Board must also specify the location of the asset with geolocation "google maps" except in cases where there are movable assets for sale.
8. The initial list proposals, respectively the proposed asset categorization part and geolocations, are prepared by the Regional Offices through the Regional Coordination and Operations Department 5 working days before the deadline for finalizing the Board documents and are sent to the Management and the Asset Realization and Distribution Department.

9. The Asset Realization and Distribution Department will calculate the prices for each category for each asset separately according to the list of assets received from the Regional Coordination and Operative Department, which document it submits to the Management and the Regional Coordination and Operative Department.
10. The determination of orientation sales prices is made according to the “Orientation Price Calculation Methodology”, which document is attached as an annex to these procedures.
11. The Committee composed of the Management, the Director of the Asset Realization and Distribution Department and the Director of the Regional Coordination and Operative Department, in the document submitted by the Asset Realization and Distribution Department, select the asset category and the orientation price for each tendered asset.
12. In cases where the asset is located in two valuation areas, the orientation price is applied proportionally.
13. The inclusion of the asset category and orientation price according to the conclusions of the committee in Article 3.11, in the Memorandum of Information to the Board (MIB), is prepared by the Department of Regional Coordination and Operative.
14. Upon Management's proposal, the list of assets/new enterprises with the proposed deposit value, asset category and orientation price, together with the Memorandum of Information to the Board (MIB) and the document in Article 3.9, is sent to the Board of Directors for review and approval.
15. Orientation prices are not determined for movable assets.

Article 4 **Method of determining Deposits for tendered assets**

1. The value of bid deposits for each tendered asset is an instrument that protects and attempts to guarantee the seriousness of the asset sale process.
2. The value of deposits is determined at an optimal level, taking care and making efforts to ensure that these deposits are at the most optimal value to ensure and guarantee the seriousness of potential investors, but not to the extent of potentially affecting the number of bids received.
3. The value of deposits will be determined according to orientation prices and that in two categories:
 - For assets with an orientation price of up to 100,000€, the deposit will be 10% of the value.
 - For assets with an orientation price above 100,000€, the deposit will be 5% of the value.
 - The deposit value will be rounded to the nearest value, e.g. if the deposit value according to the orientation price is 10,100 €, it will be rounded to 10,000€.

- For assets that are announced for sale for the fourth (4) time, the deposit will be set as for the third time. (3).
- For movable assets, the deposit is determined by the Regional Coordination and Operative Department.

Procedures following approval by Board of Directors

Article 5

Brief description of assets/new enterprises

1. Following the approval by the Board of Directors of the list of assets/new enterprises proposed for sale including detailed descriptions, the relevant Regional Office prepares a Brief Description for each asset/new enterprise using the relevant form including the asset category and orientation price.
2. The Marketing and Public Tender Division in cooperation with the Regional Offices publish this document.

Article 6

Information Memorandum on the Sale of Assets and Legal Risks and Other Risks

1. The respective Regional Offices will prepare draft versions of the document Information Memorandum (IMSAL), and documents Legal Risks and Other Risks for each tendered asset/new enterprise after the approval of the final list (including information on the assets) by the Board of Directors. For all assets/new enterprises proposed for sale, the respective Regional Office shall attach to the Information Memorandum the report of the site visit made by the cadastral officer and the case officer, together with the site measurements and visual photographs (for each asset/new business).
2. The Regional Offices review the Information Memorandum, Legal Risks and Other Risks documents and make any changes that need to be made that are noted during the time of its review and/or highlight other issues that are not clearly presented in the Information Memorandum, Legal Risks and Other Risks, always taking into account the legal aspect. In case changes are made, the document will be saved as a new document, adding at the end of the document "Legal Comments".
3. The Regional Office will incorporate these comments and remove all previous versions of the Memorandum of Information and Legal Risks and Other Risks from the electronic file. If changes are made in the meantime, these versions may be amended as necessary, otherwise the Memorandum of Information and Legal Risks and Other Risks shall be considered final.
4. The final physical versions from the respective Regional Office (signed and stamped by the Head of the Regional Office Division) through the Regional Coordination and Operative

Department are submitted to the Director of the Asset Realization and Distribution Department and stamped with the seal of the Deputy Managing Director-Operative.

5. The IMSAL should also include the asset category and the orientation price.

The final version of the Information Memorandum, sealed and signed, is kept in the Agency's archive. In case of differences between the Information Memorandum (Article 3.7) and the final version of the IMSAL, then the Board is informed of the eventual changes.

6. The final versions of the Information Memorandum are made available to the Marketing and Public Tender Division for further processing.

Article 7 **Electronic File – publication**

1. Once all documents have been finalized, the Electronic File (including the Legal Risks and Other Risks document, the “*data room*”) according to the Tender Rules, is placed by the Regional Offices in the relevant location (PAK servers) where the deadline for placement is one day before the sale publication. All documents must be in *pdf* format.
2. Summary of essential data (Asset Data) for all assets/new entities for the respective wave/asset sale will be published on the PAK website and at the same time the wave will be announced according to the document “Marketing Methods” approved by the Board and the date of submission and opening of bids will be set.
3. The asset data document is prepared by the Marketing and Public Tender Division based on the Information Memorandum for the Board (article 3.7), where the location of the asset is also set through geolocation “google maps” and the orientation price, and as such is of an informative nature for the public.

Article 8 **Procedures after the publication**

1. After the end of the publication deadline, the Bid Reception and Opening Ceremony or the Sales Day is held, according to the plan determined for the organization of the sale in these rules of procedure.
2. The ceremony and organization of the sale will be supervised by the Asset Realization and Distribution Department.
3. After the conclusion of the Bid Opening Ceremony, the Asset Realization and Distributions Department prepares the information report on the day of the sales and the results of the sale for the Board of Directors.
4. For the bidders with the highest price (for each asset/new enterprise separately), the Asset Realization and Distribution Department, in coordination with the Regional Coordination and

Operative Department and Management, prepare a document with recommendations for the approval/rejection of the highest bids, based primarily on the orientation prices, for the next meeting of the Board of Directors. This document will contain all relevant information.

5. Upon receipt of the Board's decisions by the Board's Executive Secretariat (for each asset/new enterprise separately), the notification process begins from the Asset Realization and Distributions Department, according to the Tender Rules.
6. The "Second Highest Bidder" and "Third Highest Bidder" letters are sent by the Asset Realization and Distributions Department. The definitions of the second highest bidder and the third highest bidder are set out in the Generic Rules of Tender.

Article 9

Sale purchase contract

1. After completion of payments and other procedures in accordance with the Rules of Tender, the drafting of the Sale Purchase Contract for each asset/new enterprise begins separately.
2. The Sales Contracts Division within the Legal Department will draft and review the Sales Contract and then invite the provisional buyer to sign the final version of the contract by the buyer within the deadline stipulated in the Rules of Tender.
3. After the finalization of the sale purchase contract, the contract as such is submitted to the buyer by the relevant Regional Office where the handover of the asset takes place.

Article 10

Final provisions

For any issue that is not covered by provisions of this Regulation with regard to sales process, other provisions of PAK Law and other applicable sub-legal acts of the Agency shall be duly applied.

Article 11

Entry into force

1. With the entry into force of this procedure, the "Preliminary Sale Procedures" dated October 21, 2024 are repealed.
2. This procedure enters into force on the date of approval by the Board of Directors.

Prishtina, on January 30, 2025.

Mentor Hyseni

Chairman
Board of Directors
Privatization Agency of Kosovo



ANNEX OF SALES PROCEDURE

METHODOLOGY FOR DETERMINING THE ORIENTATION PRICE

Article 1

Purpose

In order to implement Articles 11 and 15 of the Generic Rules of Tender, a methodology for determining the orientation price of assets intended for sale is being compiled.

This methodology will serve as a basis for the relevant officials, Management and Board of Directors of PAK for comparing the highest price offered during the tender process with the orientation prices.

Through these sources of values for relevant properties, the categorization of asset values will also be carried out, which will serve to determine the bid deposits for the relevant asset categories.

Article 2

Methods of calculating the orientation price

1. In order to find the most optimal and comparable orientation value for the assets of the tendered Socially Owned Enterprises, the Agency will obtain information from two sources:
 - 1.1 The method of calculating the price according to Value Zones and Value Levels, determined by the Ministry of Finance, Property Tax Department, which has priority in implementation and
 - 1.2 The method of calculating the average price of sales made by the PAK within the last three (3) years, which is applicable only in cases where the "Method of calculating the price according to Value Zones and Value Levels, determined by the Ministry of Finance, Property Tax Department results in extremely low prices, or where there is no assessment by the Ministry of Finance at all.
2. Notwithstanding paragraph 1 of this Article, for specific assets, based on the proposal of the Management and the approval of the Board, it may be decided to conduct an independent external assessment (company) as an additional source of data for determining the orientation price.

Article 3

The method of calculating the price according to the Value Zones and Value Levels, as determined by the Ministry of Finance, Property Tax Department

The Property Tax Department, operating within the Ministry of Finance, conducts a general assessment once every three (3) years for agricultural, industrial, commercial, forestry and residential properties, based on the order set out in paragraph 2 of Article 10 of Administrative Instruction no. 08/2019 of the Ministry of Finance on the Assessment Methodology for Property Tax Purposes.

The general assessment of real estate is carried out in the following order:

- Agricultural property;
- Industrial property;
- Commercial property;
- Forestry property and
- Residential property;

Each of these categories has subdivisions for plot and object as well as property type and this can be found at the electronic address: <https://tatimineprone-rks.org/emaps/valuezone/sq>

Notwithstanding paragraphs 1 and 2 of Article 10 of AI no. 08/2019 of the Ministry of Finance, the Property Tax Department may conduct a general assessment once every five (5) years for industrial properties, if the market in question has not been affected by any significant change.

All assessment information prepared by the Property Tax Department, Ministry of Finance, in the order mentioned above, is published on the website of the Ministry of Finance and is accessible at any time for use as official information distributed throughout the Value Zones.

These Value Zones are geographic areas where comparable real estate properties have approximately the same market value.

The Property Tax Department defines and approves value zones to address the impact of location on the assessment model.

Each real estate property is located in a specific value zone. To see how sales prices differ due to location, prices per square meter are marked on a map. Based on this, the boundaries of the value zones and value levels are determined. This is done separately for each value category.



The prices per square meter for all sold properties are marked on a map. This makes it possible to see how location affects prices. Based on this, value zones with different value levels are determined.

After an overall assessment, a General Assessment Report is published for each municipality. This is an official report which shows the value zones and the value levels for each value category.

According to this published report, the relevant Departments and Officials of the Agency will decide for each asset, the values of the estimated price in the same categorizations.

Article 4

Method of calculating the average price of sales accomplished by the PAK within the last three (3) years

The source of data for calculating the average sales prices accomplished by the PAK will be the PAK asset management system. This data will be generated from this system:

- Sales made only from the PAK period within the last three (3) years that it has had or accomplished;
- Categories of assets sold;
- Characteristics of the new assets/enterprises sold such as: Relevant Cadastral Zone or Nearby Cadastral Zone, sales of the same village/city category, surface area and sale value, etc.

The average sales price is determined according to the following formula::

Average price =	Total sales in the relevant Cadastral Zone or Nearby Cadastral Zone, (by asset category) and alternatively the average sales price in the last three years of the same village/town category
	The total area of the asset in the relevant Cadastral Zone or the Nearby Cadastral Zone according to the asset category and, alternatively, the average sales price in the last three years of the same category in the village/city

The average price according to the above formula is generated by the asset management system of accomplished sales (signed contracts). This means that the average price is updated in accordance with the accomplishment of signed contracts.

When there is a sale in more than one nearby cadastral zone, the average price is taken from all nearby cadastral zones.

The price of the highest bid offered is compared to the average price of accomplished sales.

In cases where there is a lack of sales of the same category in the relevant Cadastral Zone or the Nearby Cadastral Zone in which the asset for which the bid was made was tendered, then the comparison of sales in the last three years in the village/city in the same municipality with the asset that is for sale comes into play. If even after this there is no sale, then the comparison is taken in one of the municipalities that are located in the same region and have approximately the same number of inhabitants according to the village/city comparison. In case there is a lack of sales of the same category at the regional level, then the average price is taken as a basis at the Kosovo level, according to the village/city comparison.

Article 5

Group of asset categories for calculating the average price

The grouping of categories is done according to the following table:

GROUPING 1	GROUPING 2	GROUPING 3	GROUPING 4
Categories you compare within the same category	Specific categories	Categories that cannot be sold by public tender	Categories that can be compared together
Apartment	Movable assets	River and roads	Drugstore
Basement	Factory	Forestry-forestry economy	Premise
Warehouse	Farm	Public road	
Warehouse and land	Hotel	Old cemetery	
Fuel depot	Mine		
Garage	Rehabilitation center		
Lodge camp	House		
Kiosks	Gas station		
Premises and land			
Administrative building			
Administrative building and land			
Resort			
Land			
Agricultural land			
Commercial land			
Construction land			
Industrial land			
Market			
Office			
Office and land			
Forestry-forest land			

Grouping 1: The assets presented are compared with the same categories, e.g. Apartment with Apartment, agricultural land with agricultural land, etc.

Grouping 2: The assets presented are specific and not comparable, therefore the average price cannot be determined.

Grouping 3: the assets presented are specific and cannot be sold in public tenders.

Grouping 4: the assets presented are comparable and as such can be grouped in the same category.

Article 6

Determining the orientation price of tendered properties

In order to optimally reflect the rational connection of the Price of the Bids received during the bidding process with the Orientation Price, the orientation price according to Article 2.1.1 of this methodology will result from the application of the methods for determining the orientation value specified below:

1. In the first tender, the orientation price will serve as the minimum price for approval of the sale of the asset.
2. In the second tender, the orientation price minus 10% of its value will serve as the minimum price for approval of the sale of the asset.
3. In the third tender, the orientation price minus 20% of its value will serve as the minimum price for approval of the sale of the asset.
4. From the fourth tender and onwards there will be no orientation price but will be marked 'Retendered Asset'.
5. In cases where the average price method is applied as an orientation price, Article 2.1.2 of this methodology, criteria two and three listed in this Article do not apply.

The number of tenders will be calculated for the last three (3) years.

Prishtina, on January 30, 2025.

Mentor Hyseni

**Chairman of the Board
Privatization Agency of Kosovo**