

According to the Decisions of the Managing Board of the Company «Dunav osiguranje», Belgrade U.No. 10/03 dated 18 March 2003, U.No. 29/05 dated 11 May 2005 and U.No. 122/05 dated 01 July 2005 and the Power of Attorney I/3 Cert.No. 1562/05 concluded between the company «Dunav osiguranje», Belgrade, and the Privatization Agency on 13. May 2005 in Belgrade,

The Privatization Agency announces:

**PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC SALE
FOR PURCHASE OF A PART OF THE ASSETS OF «DUNAV OSIGURANJE»**

that is

Hotel «JUGOSLAVIJA», Belgrade

Sale code: HTLJU-280705

Object of sale:

The object of sale is a part of the assets of the Company «Dunav osiguranje» a.d, Belgrade which comprises Hotel «Jugoslavija», Belgrade.

The Hotel «Jugoslavija», Belgrade, Bulevar Nikole Tesle 3, according to the Decision of IV Commercial Court in Belgrade, No. 4237/2000 dated 16 August 2000 and the special inventory list, No. of land register item 7962 of K .O. Zemun. The Hotel «Jugoslavija» comprises technical floor, ground floor and eight floors, the total area of which is **53.000 m²**. The Hotel «Jugoslavija» is on the part of land register lot No. 2442/1 which is in accordance with the old measure of land register lot No. 5241/7, 5228/8 and 5229/22.

The Hotel «Jugoslavija» is on sale as it was seen with all the equipment - basic means of the field of work, without possibility for later complaints.

1. OBLIGATORY CONDITIONS OF PUBLIC SALE:

Initial price at the public auction is 38.134.800,00 EUR, if the buyer is a legal or physical entity. The sale price can be paid in domestic currency according to the average rate of NBS on the payment day, if the buyer is physical or legal entity.

2. Conditions for participation:

All domestic and foreign physical and legal entities can take part in the public auction if they pay the participation deposit.

The deposit is 2.669.436,00 EUR for foreign physical and legal entities or it can be paid in domestic currency according to the average rate of NBS on the payment day for domestic physical and legal entities.

The participant can also be a consortium comprising legal entities and/or physical persons (further in the text: the Consortium). One of the members of the Consortium, that is, person given the authority by the Consortium, has to be appointed to represent the Consortium (further in the text: "accredited representative of the Consortium") and to work on behalf of and for the benefit of the Consortium. Joint and several liability of all the members of the Consortium has to be stipulated in the Contract on Consortium.

Deposit payment in dinars is to be made into dinar account of the Privatization Agency No. 840-871621-94.

Deposit payments into the foreign currency account are to be made in according to the instructions of the Privatization Agency.

3. Insight into the sale documentation and its collecting:

The sale documentation comprises: Contract on Keeping the Confidential Data, Information Memorandum, Instructions for Bidders, Sales Contract Draft. Those who are interested can buy the sale documentation at the price of: **60.000,00 dinars without VAT**, after the invoice is

received from the Privatization Agency. Foreign physical and legal entities are to pay in EUR according to the average rate of the NBS on the day of issue of the invoice.

The sale documentation is available to all interested persons starting from 08 July 2005. The closing date for collecting the sale documentation is **25 July 2005 at 17:00.**

The means paid are not to be returned.

After the signing of the Confidentiality Agreement, a potential buyer can visit the Hotel «JUGOSLAVIJA», Belgrade, have meetings with persons in charge and check the relevant property documentation.

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More details about the object of sale are available at the Internet address:

www.priv.yu/jugoslavija

4. Submission of application for participation in the public auction:

The closing date for submission of applications is: **25 July 2005 at 17:00.**

The applications are to be submitted directly to the Privatization Agency, 23 Terazije St., Belgrade, 5th floor, Room 511, in a sealed envelope, with the auction code **HTLJU-280705** and inscription:

APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION

The Privatization Agency of the Republic of Serbia

23/V Terazije St., 5th floor, Belgrade

The application is to be filled in the special application form which is integral part of the Instructions for Bidders. The signed Sales Contract Draft and the deposit payment evidence are to be submitted along with the application for participation in the public auction.

Incomplete and belated applications will not be taken into consideration.

The Commission for Implementation of Public Sale will inform all the applicants about the approval of their applications one weekday before the public auction is held at the latest.

5. Organization of public auction:

The public auction for the purpose of public sale will be held on **28 July 2005** at 11:00 at the Privatization Agency, 23 Terazije St., Belgrade, Large Hall on the second floor.

Registration of participants in public auction will begin two hours before the start of the public auction, and will finish ten minutes before the start of the public auction, that is, from 9:00 to 10:50.

The implementation of public auction and conclusion of the Sales Contract are described in detail in the Instructions for Bidders.

The participants who have not been declared buyers are to be returned the deposit within the period of 10 days after the public sale day.

The participant who has been the first to bid the highest offer at the public auction and has been declared a buyer is to have the sum of the deposit calculated in the sale price.

If the declared buyer or the participant who has been the first to bid the highest offer does not sign the minute or the Sales Contract or does not pay the sales price within the prescribed period of time, he loses the right to be returned the deposit.

If the declared buyer does not sign the minute or the Sales Contract or does not pay the sales price within the prescribed period of time, and there have been other offers, the Sales Contract is to be concluded with the participant who has bid the second best offer at the price offered by that participant, after receiving approval from the Managing Board of the Company «Dunav

osiguranje”, Belgrade. If the Managing Board of the Company «Dunav osiguranje”, Belgrade, does not agree with the second best offer, the procedure of public auction is to be annulled. If the participant who has bid the second best offer refuses to sign the Sales Contract or does not pay the sales price within the prescribed period of time, he loses the right to be returned the deposit, and other actions in respect of the sale are to be implemented by the Privatization Agency in the agreement with the Company «Dunav osiguranje”., Belgrade.