

In accordance with Article 38 of the Law on Privatization ("Official Gazette RS", no-s. 38/01, 18/03 and 45/05), and Article 9 of the Decree on sale of capital and property by Public auction ("Official Gazette RS" no-s. 52/05 and 91/07), the Privatization Agency announces:

PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC AUCTIONS

Basic data on Auction sale

The interested parties can purchase the auction documents at the price of **RSD 40.000**, after they receive the invoice from the Privatization Agency. VAT is not calculated in the price. Purchase of the auction documents is obligatory, and on their receipt one is to sign the Confidentiality Agreement. After the payment evidence has been submitted, the auction documents can be collected at the following address:

Privatization Agency, Belgrade, 23 Terazije St., 5th floor, 09:00-16:30, in the period from 25.12.2007 until 28.12.2007 and from 09.01.2008 until 20.02.2008.

DEADLINE FOR SUBMISSION OF APPLICATIONS IS 21.02.2008, BY 16:30.

Filled application, which is a part of the auction documents, with the signed draft of the SPA and the deposit payment evidence, is to be submitted in a sealed envelope marked with: "THE APPLICATION FOR PARTICIPATION IN PUBLIC AUCTION 290208, Privatization Agency, Belgrade, 23 Terazije St, 5th floor".

* *The total estimated capital value to be privatized, stated in EUR, was calculated according to the official exchange rate on 21.12.2007.*

** *The total business income and expense data, stated in EUR, were calculated according to the average annual real exchange rates.*

IF THERE IS NAME OF THE PRIVATIZATION ENTITY ON THE ENVELOPE, OR FULL AUCTION CODE, THE APPLICATION CAN BE REJECTED.

THE AUCTION WILL BE HELD ON: 29.02.2008

at the address: **Privatization Agency, Belgrade, 23 Terazije St., 2nd floor, Large Hall**, at 11:00. Registration of the auction participants will be held at the same address on:

29.02.2008, from 09:00 to 10:50.

Means of payment can be in domestic currency, foreign convertible currency, state bonds based on the unpaid foreign currency savings, which are due not later than the date of the capital sale (29.02.2008) issued to the individuals, who are citizens of the Republic of Serbia. If the participant applies only for the second bidding, the means of payment can be even the state bonds based on the unpaid foreign currency savings, which are not due until the date of the capital sale (29.02.2008) issued to the individuals, who are citizens of the Republic of Serbia.

In case that the first class bank guarantee has been submitted as a means of deposit payment, it is to be due within 48 hours after the declaration a buyer.

Deposit for participation is to be returned within 21 days after the Public auction date.

The Privatization Agency keeps the right to change the auction date, as well as the deadline for the application submission if necessary, but also to inform the interested parties on such changes, if any, until the auction date at the latest.

The site visit shall be carried out after signing of the Confidentiality Agreement in the period from 25.12.2007 until 20.02.2008, at the time previously agreed with the Privatization Agency, tel: (+381 11) 3020-842; (+381 11) 3020-803 or by fax: (+381 11) 3020-881.

Brief description of the PUBLIC AUCTION procedure

The sale of capital by public auction is carried out by the Auction Commission, which is to be established by the Privatization Agency. The commission supervises the capital sale by auction, registers auction participants, declares auction unsuccessful, signs the minutes and performs other activities important for auction performance in accordance with the Law. The conditions for auction to be carried out are fulfilled if at least one person has obtained the status of an auction participant and if it is presented personally or by an authorized representative. At the time ordered for the PUBLIC AUCTION opening, the auctioneer shall open the first bidding, when the means of payment can be in cash or due bonds. If there is more than one person at the first bidding, the auctioneer announces the initial price as well as each further increase. In case that none of the interested buyers reacts after the third call for acceptance of the newly established price, the auctioneer

declares the auction finished by hammering. The selling price becomes the highest offered value, and the participant who has been the first to offer the highest price is declared a buyer. If there have not been interested parties after the announcement of the initial price, even after the third call, the auctioneer declares the first bidding unsuccessful by hammering and opens the second bidding immediately afterwards, when even undue state bonds can be the means of payment. Those who have applied for the second bidding can also participate, as well as the participants in the first bidding, in case it has been declared unsuccessful. If more than one person participates in the second bidding, the auctioneer announces the initial price, as well as each further increase. If none of the interested buyers reacts after the third call for acceptance the newly established price, the auctioneer, by hammering, declares the auction closed. The selling price becomes the highest offered value, and

the participant who has been the first to offer the highest price is declared a buyer. If after the announcement of the initial price there have not been any interested persons, even after the third call, the auction is declared unsuccessful, and the participants lose the right to be returned the deposit.

If only one party who has obtained the auction participant status attends the second bidding, that party is invited three times to accept the initial price. If the party accepts the initial price, it is declared a buyer and the initial price becomes the selling price. If the participant does not accept the initial price, the auction is declared unsuccessful, and it loses the right to be returned the deposit.

1) basic information on the privatization entity: Socially-owned enterprise – hotel and travel agency SPLENDID, BELGRADE

Auction sale code: 290208-2176

Official ID number of the entity: **06932525**

Field of work: **Hotels, motels, restaurant**

The entire estimated capital value to be privatized amounts to: **RSD 257.795.000** or ***EUR 3.296.822**, which is **70 %** of the total entity capital.

Deposit for participation in the auction: **RSD 30.935.000** or ***EUR 395.619**

Initial price at the auction sale: **RSD 61.871.000**

Minimum obligatory investments into the privatization entity amounts to: **RSD 1.556.000**

Main property of the privatization entity

A) Buildings – main facilities (m²):

1. Building of the hotel in Belgrade, 5 Dragoslav Jovanović St. (1195)

B) Main equipment:

1) Hotel beds 2) TV sets (Philips, Sharp, Saba) 3) Refrigerating drinks cabinet 4) Air-conditioners (Elektrolux) 5) Washing machines, electric roller, drying-room

C) Land (m²): *Entire land: (203); Construction land: (203) – state-owned;*

Balance sheet per year:

Shown in:	2005		2006	
	RSD	**EUR	RSD	**EUR
Total operating revenues	31.620.000	381.391	35.968.000	427.656
Total operating expenses	31.850.000	384.165	36.514.000	434.148

Main products/services: 1) Accommodation in hotels

Total number of employees: 22; **of which BS/BA:** 1