

Republic of Serbia

**SOLICITATION OF EXPRESSIONS OF INTEREST
FOR A**

**FINANCIAL ADVISOR TO PRIVATIZE
COMPANY «JAT - HOTELI SLAVIJA» D.O.O., BELGRADE**

The Government of Serbia (hereinafter: the GoS), has received a Grant from European Agency for Reconstruction (hereinafter: the EAR), to be administered by the World Bank (hereinafter: the WB), to facilitate and accelerate the privatization, restructuring and bankruptcy of the socially- and state-owned enterprises (SOEs) in accordance with the provisions of the Privatization Law as well as the Bankruptcy Law.

The GoS now intends to apply part of this Grant for services to be provided by a Financial Advisor to undertake the privatization of a Company «JAT - HOTELI SLAVIJA» D.O.O., BELGRADE.

Company «JAT-HOTELI SLAVIJA» d.o.o. was founded in 2005, by spin-off from the company JAT. It is located in Belgrade, the capital city of the Republic of Serbia, in the very center of the commercial and administrative downtown (Slavija Square). The Company currently employs 184 workers.

Main operating activities of company «JAT-HOTELI SLAVIJA» d.o.o. are hotels and restaurants services. The Company owns around 14,652 m² of construction land. Floor surface of hotels owned by the Company is around 30,150 m².

The Company generates income in domestic market. In 2005 and 2006, the sale in domestic markets accounted for 100% of the total sale. Company's distribution channel is direct sale, with 100%.

In fiscal 2006, «JAT-HOTELI SLAVIJA» d.o.o. generated sales revenues of around EUR 3.0 million and net profit of EUR 74,000. Total operating assets at the end of the year was EUR 27.5 million and total equity of the Company was EUR 27.3 million.

In fiscal 2005, «JAT-HOTELI SLAVIJA» d.o.o. generated sales revenues of around EUR 2.1 million and net profit of EUR 444,000. Total operating assets at the end of the year was EUR 25.6 million and total equity of the Company was EUR 25.3 million.

The Company's equity structure is represented by 100% of state owned capital.

The PA is offering 70% of the Company's state owned capital, which represents 70% of the total registered capital of the Entity undergoing privatization.

Further details concerning Company «JAT-HOTELI SLAVIJA» d.o.o. its current operations and its financial situation, are available on the web site of the Privatization Agency, Republic of Serbia (www.priv.yu), or from the Project Manager in charge, Ms. Albina Kecman (akecman@priv.yu).

The objective of the GoS in this privatization is to attract reputable domestic or foreign strategic investors or consortia of investors with industry expertise, management know-how and financial strength necessary to improve the companies' performance and fulfill the necessary investment program in order to utilize and secure the long term development potential.

To achieve this goal, the Privatization Agency, Republic of Serbia intends to hire a Financial Advisor to: (i) undertake the a legal, financial and operational Due Diligence as well as an environmental review and suggest the in necessary pre-privatization measures and the envisaged privatization strategy in a Diagnostic Report; (ii) conduct an investors search and actively market the investment opportunity to a wide group of potential purchasers and present a market assessment report comprising the feedback from potential purchasers; (iii) prepare the required tender documentation; (iv) conduct a valuation; and (vi) implement the privatization of the companies through a competitive tender process and manage the sales process until closing of the privatization transaction. All of these activities will be funded by a combination of a **Retainer Fee** to be financed under the Grant, and a **Success Fee** to be funded out of the proceeds of the actual sales.

The Privatization Agency, Republic of Serbia, now invites Expressions of Interest (EOIs) from eligible firms / consortia of firms.

EOIs from eligible firms/consortia should specify the following relevant information in order to be considered for the preparation of a short list of firms to whom Requests for Proposals will be sent: (i) short introduction of the firm/consortium; (ii) evidence of the track record in this type of assignment and the relevant industry, with a maximum of 15 most comparable projects best documenting the required experience (in case of a "joint venture", such evidence is required for all members of the "joint venture", while in case of a sub consultancy, it is required only for the leading firm); and (iii) names and curricula vitae for proposed professional staff only (project manager, leading privatization expert, financial expert, relevant industry expert, real estate expert and the leader of the legal counsel,).

The references of the firm shall clearly line out the experience of the firm / consortium in:

- 1) Tender privatization projects in CEE and in Serbia
- 2) Experience in the industry and in comparable transactions
- 3) General Privatization Experience in CEE and in Serbia

The CVs shall clearly line out the most relevant and recent projects, which the eligible firm considers to be most relevant and which best document the teams experience in accordance with the following requirements:

Project manager: Experience in managing and successful implementation of tender privatization transactions or comparable transactions in the industry and experience in Serbia and in CEE

Privatization Expert: Experience in privatization in CEE and in Serbia

Financial Expert: Experience in financial due diligence and evaluations in CEE and in Serbia

Industry Expert: Experience in the relevant industry

Real estate expert: Experience in the real estate development and evaluation in CEE and in Serbia

Legal Counsel: Experience as legal counsel in tender privatization transactions in CEE and in Serbia

EOIs should be submitted in English and should not exceed 50 pages.

In order to avoid possible over commitment, in addition to the above, firms will be short listed based on their capacity and current commitments.

A Financial Advisor will be selected in accordance with procedures set out in the World Bank's *Guidelines: Selection and Employment of Consultants by World Bank Borrowers*, May 2004. The method of evaluation will be in accordance to clause 3.19 of above mentioned Guidelines (i.e. selection will be based on cost alone, among those firms securing the minimum passing mark for the quality of their proposals).

Interested and eligible firms / consortia who wish to participate should mail or e-mail their EOIs by **June 22nd, 2007 (Friday), and not later than 03:00 p.m. (local time).**

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