

Republic of Serbia

SOLICITATION OF EXPRESSIONS OF INTEREST FOR A

FINANCIAL ADVISOR TO PRIVATIZE COMPANY «LUKA NOVI SAD» AD, NOVI SAD

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 «LUKA NOVI SAD» AD, NOVI SAD

Joint Stock Company «LUKA NOVI SAD» AD was founded in 1982. It is located in Novi sad, the capital city of the Province of Vojvodina, 80 kilometers north of the capital of Belgrade. As of April 2007, the Company employed 118 workers.

Main operating activity of Joint Stock Company «LUKA NOVI SAD» AD is reloading and storing of goods. Floor surface of buildings owned by the Company is around 44.000 m².

The Company generates income from domestic and foreign clients.

The main strengths of the Company are technical and HR capacity for rendering services in the field of reloading and storing of goods.

In fiscal 2005, «LUKA NOVI SAD» AD generated sales revenues of around EUR 2,8 million and net profit of EUR 1,33 million. Total operating assets at the end of the year was EUR 14 million and total equity of the Company was EUR 13,75 million.

In fiscal 2004, «LUKA NOVI SAD» AD generated sales revenues of around EUR 2,79 million and net profit of EUR 872.508. Total operating assets at the end of the year was EUR 14,5 million and total equity of the Company was EUR 14,29 million.

The Company's equity structure is represented by 99,38 % socially owned capital and 0,62 % private capital.

The Privatization Agency, Republic of Serbia is offering 70% of the Company's socially owned capital for sale.

Further details concerning Company «LUKA NOVI SAD» AD, 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, Mr. Sasa Aleksic (saleksic@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, 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 valuations in CEE and in Serbia

Industry Expert: Experience in the relevant industry

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 25th, 2007 (Monday), and not later than 03:00 p.m. (local time).**

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