

According to the Decisions of the Managing Board of the Company «Dunav osiguranje», a.d. Belgrade, U.No. 122/05 dated 01 July 2005 and U.No 185 dated 16 November 2005, as well as the Power of Attorney I/3 Cert.No. 1562/05 dated 13 May 2005 in Belgrade with annex No. 3 dated 24 November 2005, concluded between the company «Dunav osiguranje» a.d., Belgrade, and the Privatization Agency 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-170106

Subject of sale:

The subject 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 Municipal 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 placed on a part of the land registry lot No. 2442/1, which is in accordance with the old survey of land registry lots 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 bidding is 26.000.000,00 EUR, if the buyer is a foreign legal or physical entity. The selling price can be paid in domestic currency according to the average rate of NBS on the payment day, if the buyer is a domestic legal or physical entity.

2. Participation conditions:

All domestic and foreign physical and legal entities can take part in the public bidding, if they have paid the participation deposit.

The deposit is 1.820.000,00 EUR for foreign legal and physical entities or it can be paid in domestic currency according to the average rate of NBS on the payment date for domestic legal and physical entities.

The participant can also be a consortium comprising legal entities and/or physical persons (further in the text: Consortium). One of the members of the Consortium, that is, the person authorized by 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 Consortium has to be stipulated in the Contract on Consortium.

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

Deposit payments on the foreign currency account are to be made 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 purchase the sale documentation at the price of: **60.000,00 dinars without VAT**, after the receipt

of invoice by the Privatization Agency. Foreign legal entities and physical persons are to pay in EUR, according to the average rate of the NBS on the issue date of invoice.

The sale documentation is available to all interested parties, starting from 01 December 2005. The closing date for collecting the sales documentation is **10 January 2006 at 17:00.**

The financial means paid are not to be returned.

After the Confidentiality Agreement has been signed, a potential participant can visit the Hotel «JUGOSLAVIJA», Belgrade, have meetings with the persons in charge and check the relevant property documentation.

Contact person:

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

www.priv.yu/Yugoslavia

4. Submission of applications for participation in the public bidding:

The closing date for submission of applications is: **10 January 2006** 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-170106** and inscription:

APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING

Privatization Agency of the Republic of Serbia

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

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

Incomplete and belated applications shall not be taken into consideration.

The Commission for Implementation of Public Sale shall inform all the applicants on the approval of their applications one weekday before the public bidding is held at the latest.

5. Organization of the public bidding:

The public bidding for purpose of public sale shall be held on **17 January 2006** at 11:00 at the Privatization Agency, 23 Terazije St., Belgrade, Large Hall on the second floor.

Registration of participants in public bidding shall start two hours before the public bidding is opened, and shall be finished ten minutes before its start, that is, from 9:00 to 10:50.

The manner of implementation of the public bidding and the conclusion of the Sales-Purchase Agreement are described into 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 date.

The participant who has been the first to bid the highest offer at the public bidding procedure and has been declared a buyer, is to have the amount of the deposit calculated in the selling price.

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

If the declared buyer does not sign the minutes or the Sales Contract or does not pay the selling 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 the approval by the Managing Board of the Company «Dunav osiguranje”a.d.,

Belgrade, has been obtained. If the Managing Board of the Company «Dunav osiguranje”a.d., Belgrade, does not agree with the second best offer, the public bidding procedure 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 selling price within the prescribed period of time, he loses the right to be brought back the deposit, and other actions in respect of the sale are to be carried out by the Privatization Agency in agreement with the Company «Dunav osiguranje”a.d., Belgrade.