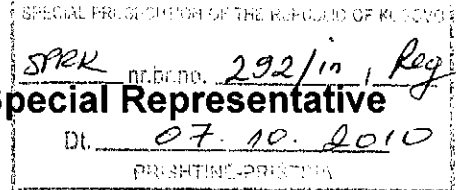




International Civilian Office/EU Special Representative



24 September 2010

Dear Isabelle, dear Johannes Pieter,

I am sending you some emails and documents on a case that may be of interest to you; I learned of this case yesterday, at the meeting of the board of directors of the Privatisation Agency of Kosovo (PAK).

The government is expropriating land of an SOE near Gračanica (near the 'international village') for the benefit of the American University in Kosovo (AUK); (see the papers attached). I see some problems:

- by law, SOE assets cannot be expropriated;
- I assume that, by law, expropriation is only possible to the benefit of a public entity, not a private one (such as AUK);
- the EUR 3.4m compensation that is proposed seems to cover – on the basis of the valuation paper supporting it – between 1/5 and 1/6 of a conservative estimate of the market value of the land (it suggests a value of EUR 11 per square meter, while banks – which can be assumed to use rather conservative estimates of market value – accept comparable land as collateral based on a valuation of EUR 50/60 per square meter);
- it is unknown whether, and how, AUK would in turn compensate the budget.

If these doubts are well-founded, then the budget would be making a EUR 15m gift (at the very least: 18.5 minus 3.4) to AUK by illegally expropriating an SOE and leaving to its creditors only EUR 3.4m.

I will add that the 'international village' is a real estate project promoted by a businessman who is also the chairman of the PAK board (Dino Asanaj); yesterday, he forcefully defended the plan and proposed compensation. Also, a colleague of mine confidentially told me of a rumour whereby this deal has been agreed between the prime minister and a prominent ambassador.

Should you find it useful, I am at your disposal to give you further analysis and information.

Have my best regards.

Yours faithfully,

Dr. Andrea Lorenzo Capussela
Head of the Economic and Fiscal Affairs Unit

Mr. Johannes Pieter Van Vreeswijk
Head of EULEX Prosecutors

Ms. Isabelle Arnal
Head of EULEX Special Prosecutors

EULEX
Pristina