

Pursuant to Article 44 of the Financial Operations and Pre-Bankruptcy Settlement Act ("Official Gazette", Nr. 108/12, 144/12, 81/13, 112/13), the Management Board of the company Badel 1862 d.d., in the process of implementing measures from the Financial restructuring plan, which measures have to be implemented in order for the debtor to become liquid and solvent, on March 17<sup>th</sup> 2015 announces as follows

**PUBLIC INVITATION**  
**for the collection of offers for strategic merging and capital increase of the company**  
**Badel 1862 d.d., Zagreb, Vlaška 116, PIN 36749512860**  
**within the procedure of Pre-bankruptcy settlement**

**I.**

Badel 1862 joint stock company, wines, alcoholic beverages and soft drinks (hereinafter: Company) is a trading company majority owned by the State, whereby the Republic of Croatia is the majority shareholder with 2.123.471 shares of the Company accounting for 67,68% of share capital. Based on the Decision of the competent Settlement Council dated April 23<sup>rd</sup> 2013, the procedure of Pre-bankruptcy settlement was opened over the Company and on July 29<sup>th</sup> 2013, by the Decision of the Settlement Council, the procedure of Pre-bankruptcy settlement was interrupted which interruption is still ongoing.

The Company is registered in the Court Registry of the Commercial Court in Zagreb under the Company's court registration number: 080000194. The Company's headquarter is in Zagreb, at the address Vlaška 116, PIN (OIB): 36749512860.

Share capital: 313.761.600,00 HRK, paid in full.

Total number of shares: 3.137.616, nominal share value: 100,00 HRK.

**II.**

We call upon all interested strategic partners and investment financiers to submit offers for investing in the Company, respectively for strategic merging with the Company with the purpose of sustainability of continuing business operations and the Company's capital increase with the goal of implementing measures of financial and operational restructuring within the procedure of Pre-bankruptcy settlement, and all in accordance with the criteria from this Invitation.

Interested strategic partners and investment financiers can submit their offers for investment within the procedure of Pre-bankruptcy settlement over the Company, which will be implemented by means of investing in the Company's share capital increase in cash and/or things or rights (by the Company's capital increase) respectively by merging through an entrepreneurial contract with the purpose of sustainability of continuing business operations.

In accordance with the above stated, all interested bidders are called to declare their interest for implementing the above measures in the procedure of financial and operational restructuring of the Company within the procedure of Pre-bankruptcy settlement by submitting their **offers** no later than **May 18<sup>th</sup> 2015**.

Before submitting their offers, interested bidders have the right to request participation in the due diligence procedure. After potential strategic partners and/or investment financiers declare their interest for participating in the process in writing, the Company will provide them insight in available data and information on the Company during the period from March 23<sup>rd</sup> till April 17<sup>th</sup> 2015, in order for them to, in accordance with their own assessments and requirements, carry out due diligence of the Company with the goal of drafting and submitting an offer.

### III.

#### **Mandatory requirements which the offer must contain:**

##### **1. Evidence of Bidder's competence**

- a. Along with the offer, the Bidder is obliged to submit a certificate of entry in commercial, court (trade), professional, crafts or other corresponding registry as proof of legal and business capacity;
- b. Certificate of entry in commercial, court (trade), professional, crafts or other corresponding registry is issued by a body authorised for keeping such registry in the country of the Bidder's headquarters;
- c. In the Certificate of entry in commercial, court (trade), professional, crafts or other corresponding registry it must be evident that the Bidder has legal capacity respectively the capacity to be the holder of rights and obligations.

##### **2. Evidence on solvency and liquidity**

Along with the offer, the Bidder has to submit a certificate issued by banking and/or other financial institutions by which, in accordance with applicable regulations in the country of the Bidder's headquarters, the solvency and liquidity of the economic entity is proven (BON 2). The Bidder is also obliged to submit audited reports (Financial Statements and Consolidated Financial Statements, in case the same are required) for 2012, 2013 and 2014. In case when the Bidder is a financial institution or a company whose founders are financial institutions, sufficient as evidence on solvency and liquidity is a binding decision of the investment committee or another responsible financial institution body on approving the investment.

##### **3. Evidence on financial resources**

Along with the offer, the Bidder is obliged to submit a reliable document of a bank and/or other financial institution confirming that the Bidder has at its disposition financial resources required for financing the offer or a binding letter of intent of a bank and/or other financial institution from which it is evident that the respective bank and/or other financial institution will assume the obligation to finance the Bidder's offer. Such document cannot be older than 30 days as of the date of submitting the offer by the Bidder and it must serve as documented availability of resources for financial capital increase within 30 days upon offer acceptance. In case when the Bidder is a financial institution or a company whose founders are financial institutions, sufficient as evidence on solvency and liquidity is a binding decision of the investment committee or another responsible financial institution body on approving the investment.

##### **4. Maintaining business operations**

The bidder has the obligation of maintaining the Company's core business operations (core business – in accordance with Badel Restructuring Concept) as well as maintaining and developing the Company's brands, with a ban of sales, alienation or other disposal of Company's brands, as well as the obligation of maintaining basic manufacturing facilities at the site of the City of Zagreb and/or Zagreb County, as well as the obligation of maintaining viticulture and winemaking business operations on sites on which the Company is currently conducting business operations, all during the period of no less than 5 years as of the day of validity of pre-bankruptcy settlement concluded before the competent commercial court.

*(Note: Badel Restructuring Concept is the restructuring programme of the Company adopted by the Ministry of Economy of the Republic of Croatia on November 29<sup>th</sup> 2013)*

**5. Maintaining employment**

The Bidder has the obligation of maintaining the number of employees permanently employed in the Company, minimum in accordance with the number of employees defined in Badel Restructuring Concept (BRC), for a period of minimum 2 years as of the day of validity of pre-bankruptcy settlement concluded before the competent commercial court. In case of conducting an outplacement support programme for possible surplus employees, the same has to be conducted in accordance with the Collective Agreement and positive regulations of the Republic of Croatia.

**6. Implementation of operational and financial restructuring**

The Bidder is obliged to submit an offer with a model of implementation of operational and financial restructuring of the Company, based on the Badel Restructuring Concept - BRC, in its original, amended or modified form or another similar concept, which secures the long-term sustainable development of the Company. The proposed model of operational and financial restructuring has to be in compliance with the Financial Operations and Pre-Bankruptcy Settlements Act.

**7. Business plan**

The Bidder is obliged to submit an offer of the Company's strategy and the Company's Business plan for the period of 5 years, which in long-term secures the sustainability of continuance of future business operations of Badel 1862 d.d.

**8. Investment in share capital**

The Bidder is obliged to secure investments in the Company's share capital by payment in cash of the minimum amount of 150.000.000,00 HRK (hundred and fifty million Kuna) within 60 days as of the validity of pre-bankruptcy settlement, based on the General Assembly Decision on the Company's capital increase, passed upon adopting the Financial and Operational Restructuring Plan, thus, in accordance with the provisions of the Financial Operations and Pre-Bankruptcy Settlements Act, securing the Company's long-term solvency and capital adequacy.

**9. Tender guarantee**

The selected bidder is obliged, within 10 (ten) days as of receiving the notification on selection, to submit a tender guarantee amounting 5% of the offered investment amount in Kuna amount or equivalent foreign currency, in case payment is performed by foreign Bidders. The tender guarantee can be a bank guarantee issued by a first-class domestic or foreign bank acceptable for the Company or the above defined amount is transferred to the Company's account as security. In case the selected bidder is a financial institution or a company whose founders are financial institutions, the guarantee is replaced with a binding decision of the institution's Investment Committee or another body responsible for approving investments.

#### IV.

##### Criteria for the assessment of offers are as follows:

1. Amount of capital increase
2. Method of capital increase (investment in cash, things or rights)
3. Model of implementation of operational and financial restructuring with a Business plan for 5 years (method of solving claims, capital adequacy and permanent solvency including the risks of implementing the restructuring plan)
4. Investment plan (e.g. building a new factory, reconstruction of existing facilities....)

#### V.

##### Overview of key operational information:

- Data room will be opened from **March 23<sup>rd</sup> 2015 till April 17<sup>th</sup> 2015**, every working day within working hours of the Company (from 09,00 till 16,00 o'clock)
- Data room location: Badel 1862, Vlaška 116, Zagreb
- The deadline for submitting offers is **May 18<sup>th</sup> 2015**. The offer will be considered to be submitted if it is received in Badel 1862 d.d. till the specified date (May 18<sup>th</sup> 2015) till 16,00 o'clock.

Offers submitted after the defined deadline are not valid and will not be taken into consideration.

Offers will be submitted in a closed envelope at the address:

**BADEL 1862 d.d., 10000 Zagreb, Vlaška 116, Croatia**

with the indication:

**OFFER FOR BADEL 1862 d.d.**

**FOR BIDDING – DO NOT OPEN**

When submitting their offers, bidders are obliged to submit contact data in the offer (company, identification number, name and surname of the responsible person as well as the contact person, headquarter, phone number, e-mail address).

Contact person in the Company for activities from this Invitation:

Paola Beltrame

Telephone **+385 1 4609 408**

E-mail: [zagreb@badel1862.hr](mailto:zagreb@badel1862.hr)

Upon collecting bidders' offers and evaluating the same in accordance with the criteria from this Invitation, the bidders will be informed within 30 days on the selection of the strategic partner and/or investment financier.

**BADEL 1862**  
dioničko društvo  
vina, alkoholna i bezalkoholna pića  
3 ZAGREB, Vlaška 116

General Manager

Ivo Markotić