

Acquisition of Hypo Consultants group

Contract won in fierce international competition

Auctor d.o.o. is the leading private brokerage in Croatia and its activities include investment counselling and the leading position was confirmed in the invitation to participate in the international tender invited by Hypo Alpe-Adria Bank AG to sell off some of the companies under the name Hypo Consultants. Our involvement in the acquisition process provides evidence of our status and international competitiveness and the competence of our group.

With the decision of the Management Board of HYPO Alpe-Adria Bank International to sell Hypo Consultants it was also decided to engage a special consultant : **ASP Consulting Group GmbH** (<http://www.asp-consulting.com/en/view.php?MENUID=1>) which was put in charge of implementing the Due Diligence procedure of Hypo Consultants Holding, i.e. its subsidiaries: Hypo Alpe-Adria Consultants Austria, Hypo Alpe-Adria Consultants Hrvatska, Hypo Alpe-Adria Srbija and Hypo Alpe-Adria Consultants Bosna i Hercegovina.

The Due Diligence process began on February 27th 2006, upon which occasion the process method and duration were presented. The Due Diligence process for the mentioned companies was completed in September of 2006.

After ASP CONSULTING completed the Due Diligence, our company, Auctor got involved in the process. For this purchase, there was

a great deal of interest and fierce competition of large entrepreneurs and funds.

Among the bidders there were numerous large international and European investment funds and leading private investors. The size and character of the tender can best be illustrated by quoting the media of that time:

Kronen Zeitung wrote on March 29th 2007: '53 international entities displayed interest in the purchase of this portfolio'.

Eight interested buyers got into the last round of the tender for the sale of the Zagreb-based Hypo Alpe-Adria Consultants Croatia, as was reported by the Vienna business newspaper *Wirtschaftsblatt*.

The Poslovni dnevnik of March 2nd 2007 wrote: 'Financial circles claim that the Italian entrepreneur **Maurizio Zamparini**former owner of the commercial chain Mercatone-Emmezetta, is 'very interested in' the purchase of HAAB's consultancy companies.

The Poslovni dnevnik of January 23rd 2007 wrote: '**Pirelli Real Estate from Milan** could get into the Croatian real-estate market by purchasing Istraturist or Hypo Alpe-Adria Consultants. This Italian company confirmed to the Business Daily its interest in the Croatian market, especially the hotel and residential segment of the real-estate market. A similar statement was given by the CEO of the company Olivier de Poulpiquet for the Wall Street Journal, commenting on the attractive targets at the European real-estate market in 2007. Several large investment funds from the **U.S., Israel, Russia...** as well as some of the wealthiest European families participated in the tender.

How did Auctor manage to win against such competition, in the procedure which lasted for over 14 months?

First and foremost, it won because of the clearly structured process and the offer which was in every respect better, (in terms of the amount offered and the risk appetite demonstrated), than the bids submitted by well-known global players who remained in the bidding process.

The following steps enabled us to win in the bidding process:

Chronology of activities

Preliminary stage:

1. 18 October 2006 - Auctor sent a letter of intent to purchase
2. 3 November 2006 - Auctor submitted a request to participate in the bidding process
3. 30 November 2006 - selective bidding process was initiated when a number of bidders were invited to participate and the Information Memorandum was presented to them
4. 19 December 2006 - Auctor submitted a non-binding offer

Stage 1

5. 11 January 2007 - ASP Consulting selected the bidders meeting the requirements upon evaluation of the non-binding offer, and the short-listed companies were given access to the Data Room in order to make their own evaluation of the companies offered for sale and invited to continue negotiations with the seller
6. 15 January 2007 – Data Room opening
7. 26 January 2007 – Data Room closing
8. 26 January 2007 – deadline for bidders to ask questions related to the documents presented
9. 26 January 2007 – deadline for submission of comments to the Draft Share purchase Agreement
10. 26 January 2007 – delivery of questions for the meeting with management teams of various Hypo Consultants companies
11. 7 – 16 February 2007 – meetings of short-listed bidders with Chairs of Management Boards of Hypo Consultants in Vienna

Stage 2

12. 23 February 2007 – Bidders were given updated data including Revised Share Purchase Agreements to be used as basis for the final Binding offers and Bank guarantees
13. 2 March 2007 – deadline for submission of Bank guarantees and binding offers
14. 12 March 2007 – negotiations with bidders (two to three best bidders from the previous stage) and the selection of the best bid.
15. 23 March 2007 – signing of the Share Purchase Agreement with the selected bidder
16. 29 June 2007 – Closing date

Stage 3

17. 6 July 2007 – deadline for payment of 100% of the contracted price into the HAAB account.
18. Change of the acquired company name in accordance with the contracted conditions set by the seller.

The tendering procedure was concluded without any remarks made by any of the 53 bidders participating in the bidding process

Auctor has secured and carried out the financing and the take-over in cooperation with a consortium of banks not involving the selling bank in any way.

Auctor has completed the whole transaction independently and has thus become the only owner of the newly acquired company. In the following three years Auctor took a number of owners' and managers' decisions in line with its role and strategy of a brokerage, which decisions were to sell part of the acquired portfolio to a number of owners in various countries in the region.

Auctor Group acquired a part of the Hypo Consultants Company in the process of bidding involving **18 different selection stages. There were no complaints or objections either to the buyer selection process or to the procedure, the price or the method of payment, i.e. the financing of the deal, from the part of any of the 53 other bidders.**

In far less complex and tenders of a lesser value, such undisputed outcome of the tender (both in procedure and content), confirms that Auctor is capable of performing the most demanding professional tasks.

Due to all mentioned facts, Auctor considers this acquisition one of its greatest entrepreneurial successes.