

### **1) What is your personal stance on the „Consultants“ affair?**

From today's perspective and in hindsight, one can consider that I have made a mistake. If I were on your side, I would think that I have set this up for myself. You send me into a nuclear facility to put out the fire, everybody taps my back, and today you ask me how much water I have spent. If we had acted according to public procurement regulations, we still wouldn't have any consultants today. At the given moment I made a million mistakes that are clear to me from today's perspective. I published the names of my team members on 12 April and it wasn't a problem to anyone then. I am sorry that the perception is wrong and if I were you I would think the same – he took the money for himself. I am ready to bear all the consequences.

### **2) How much can this talk about the contracts with consultants weaken your position as chief negotiator in the settlement negotiations? How will it affect reaching the settlement?**

Considering all that the media are publishing, there is a confusion arising with everyone who is not up to date with the entire settlement process and partial information are being published that do not present the actual current state of the course of the negotiations itself. Since 20 December of last year, when we presented the draft settlement proposal to the Interim Creditors' Council, negotiations with all stakeholders in the entire process are ongoing regarding various details, structure, interests and positions on what individual creditors would like to see incorporated in the settlement. We are in daily contact with all representatives of the Interim Creditors' Council who have, on two occasions, issued releases in which, regardless of their individual stances, they support the work of the Extraordinary Administration in order to achieve a common goal – the settlement of Agrokor creditors.

Agrokor's creditors in most cases are, apart from the domestic suppliers, mostly foreigners; they don't understand what is happening, it's their money and I have never heard them making any conditions because of what is happening. I believe that the settlement and its course are not jeopardized by this.

### **3) What is the current stage of the settlement and is the legally defined timeframe adequate for reaching the settlement?**

I am certain that the creditors have open intentions to reach the settlement before 10<sup>th</sup> April. Since 15<sup>th</sup> January when the Ruling by the Commercial Court on verified and contested claims was published, and given that this is an insolvency court proceeding, we must follow all the legally defined deadlines that also include lengthy periods for appeals. We will shortly submit a proposal for a deadline extension from 10<sup>th</sup> April, the first legal deadline for submitting the settlement proposal, to 10<sup>th</sup> July as the deadline for reaching the settlement of which we are sure that, if we continue like this, we will fulfill without a problem. Because of this we believe that it won't be possible to organize the settlement hearing before 10<sup>th</sup> April and we have consulted the Court about the extension of the deadline. We are sure that the settlement will be made before 10<sup>th</sup> July since the problem is not in the agreement between the creditors, they are prepared for it in the shortest possible period. We already have all the outlines and the details of the settlement that are ready to be negotiated and nobody has any intentions to consider an alternative structure, much less to send this company into bankruptcy. But, as a result of legal deadlines and some public statements, regardless of the fact that the Interim Creditors' Council is by law

allowed to send the settlement proposal to the Commercial Court, in my opinion it would be wiser for the purpose of minimizing all legal risks of the proceeding, to wait for the Permanent Creditors' Council to approve the settlement proposal. And if we are to wait for that deadline, we simply will not be able to submit the settlement by 10<sup>th</sup> April.

The timeframe – yes, it is sufficient and if we continue working at this pace, I believe that we will reach an agreement with creditors even before 10<sup>th</sup> April. The plan is that in the next three weeks we and the creditors isolate ourselves until we reach an agreement – we call it “mini Dayton”. The creditors will surely define the agreement before 10<sup>th</sup> April, but we are limited by the legal timeframe and because of that a permanent Creditors' Council should be appointed.

The plan is to do all this by mid June, to hold the hearing – around 5,700 creditors, a minimum of 11,000 people – it is a huge voting logistics.

**4) Are you at the moment preparing the restructuring stage and are you introducing safety mechanisms to prevent this situation from happening again?**

Agrokor's companies are mostly very good companies that do not require major operational restructuring. The restructuring is ongoing even now and I am sure that, if we complete this process, these companies will have a promising business future.

Agrokor's problem was not in the operational business of the companies, but in the financial exhausting by the previous owner. The problem occurred because Agrokor's owner made the parent company over-leveraged. There was plenty of talk about the HRK 500 million of advisor's fees, and by way of comparison, this is the amount that represent a two-year expense of the Todoric family; they were spending on everything, spending the creditor's money and that was the reason why it was necessary to restructure the company and its finances.

**5) Was the process financed with tax payer's money? Where are the costs of the Extraordinary Administration and the restructuring costs being financed from?**

This is the first time in the history of the Croatian state that such a disaster is happening and that the country does not have to participate in it with a single kuna. I truly believe that the fact that public money is not being spent for this purpose deserves proper recognition.

The costs of the Extraordinary Administration and the restructuring costs are being financed from current revenues and the money that belongs to the creditors.

**6) Is it true that large suppliers do not accept the settlement proposal and that they are asking for a different structure of creditor groups?**

Regarding the suppliers, following the first presentation they have rejected the structure and made some demands on their own. It is my opinion that these are negotiations and I have never seen that everything is accepted during the first negotiation session and it's only logical that they are taking stands and positions. I must emphasize that the cooperation with the suppliers is on a very high level.

**7) Suppliers have announced filing a lawsuit because they were forced to participate in the roll-up. What is your assessment of risk from such and similar lawsuits related to the process?**

Since the first day I have been saying that one should not be afraid of lawsuits, that there would be many, but they do not necessarily mean a verdict.

**8) Did any of the present creditors have privileged information about the course of the process, for instance Knighthead, considering your communication with them before you were appointed as Extraordinary Commissioner?**

From the first day I have been accused that I have been sent there to protect Todorić, after that that I am favoring Knighthead and sharing money with them. Since the first day I am being attacked and I understand that attacks are coming because there are great interests at stake, and everything is obviously staged.

I have previously said that I had communicated with Knighthead before I became Extraordinary Commissioner. The whole financial world was in Zagreb at that time because of Agrokor and on 30<sup>th</sup> March I met with a Knighthead representative for the first time – their analyst, I assume because they expected me to have some information about Agrokor. No one asked me if I had had a meeting with Sberbank or Erste bank and Zagrebačka banka and they have signed the roll-up arrangement, too.

The reason for this is that there are maybe 20 people in Zagreb who are known in international circles and financial institutions go to them for information on current events.

**9) Is selling the Group possible in the future, how and under what terms?**

The future of the Group will be decided by its creditors who will become the future owners of the Group. By that I literally mean all of the biggest banks that have been financing Agrokor, they are not easy to negotiate with. They do not have the national emotion and they only want to return their money. Our national emotions for Agrokor are stronger than with others. We will try to have safeties incorporated that would prevent a sale at discounted prices.

**10) What is the situation with the number of employees?**

At the Group level it is roughly 9% lower and all was done in cooperation and coordination with the unions.

**11) Do you consider yourself to be in a conflict of interest and do you think that, because of this, the Extraordinary Administration proceeding is compromised?**

I don't think I am in conflict of interest nor that I have made favors to my friends. If you find that with this act I have compromised the entire Extraordinary Administration process and the results we have achieved so far, I am ready to bear the consequences and take the blame on myself.

**12) Who will become the owner of Agrokor?**

After reaching the settlement, in case it is voted for with 67% of total claims, the ownership of the company and the holding Group will be transferred into the hands of the creditors.

**13) What were the criteria for determining OPG (small farmers) who received full payment for their claims?**

The criterion for defining small suppliers, the OPGs, whose debt was paid in full, were revenues of up to HRK 5 million. Unfortunately there were examples where someone had slightly larger revenues and they did not enter this category.

**14) Have Agrokor advisors and their fees been changed since October?**

Agrokor has 140 different consultants. Their detailed list was published in a monthly report in October 2017 and is publically available on Agrokor's website. The amounts vary from month to month according to the hours specific consultants had worked. If for instance, we have court hearings in London, then legal fees increase significantly and if the period in question has many holidays, then this expense decreases because they have worked less hours. In some cases the advisors have completed their work and do not have further engagement. There have been no other changes.

**15) I am interested in the future and the sustainability of the system, especially retail? High fixed costs and the need to reduce the number of employees?**

The Agrokor system is sustainable in the long term, if the settlement is reached. The companies are very stable and good, including retail. We anticipate operating profits for Konzum at EUR 31 million. Konzum never had operating profits that high because it was never in focus. It is sufficient for Konzum to survive on the market on its own, but if Konzum wants to expand and develop its network, it is going to need even bigger profit.

**16) In your opinion what is the alternative to the process?**

The alternative to the process was a Government guarantee in the amount of EUR 300 million that the previous owner had requested. Another alternative was bankruptcy at a point when there were already no goods available which would surely have resulted in the liquidation of Konzum retail.

**17) What is the assessment, in what time period can all the liabilities that the company has be repaid?**

It is hard for me to say over which period of time, with the current profitability, the companies would be able to return their debts and liabilities that will be in place after the settlement. I would say that it should take them longer than 5 years but the company can deal with it and return it. So I do not see a problem from that side, of course if there are no other disturbances in the market that are hard to predict at the moment. The Interim Creditors' Council and myself are making every effort in that direction.

**18) Based on what references was Texo capable of taking advisory work in Agrokor if at the same time other renowned companies were interested?**

People who were hired have graduated from numerous prestigious schools, they have worked in big investment companies...graduated from Harvard and, for instance have worked at Morgan Stanley bank.

**19) Where are you employed?**

I have a service contract and all contributions are paid accordingly.

**20) What is your reward and the reward for the advisors for successfully reaching the settlement?**

AlixPartners as restructuring partners in this process have in their contract a defined success bonus in the amount of EUR 8 million.

**21) What is your comment of the roll-up agreement clause that makes you irreplaceable?**

That clause with my name in it represents no problem for replacing me, I will bear all consequences in case the process is considered compromised. I can be replaced without a problem, because I am irrelevant. None of the creditors would activate the payment clause because of it. Contracts like this have their standard clauses for protection in case there are changes, since there is no Management Board in this case. I personally did not know, much less the Deputy Prime Minister or the Prime Minister, that the contract states Ante Ramljak, it was inserted at the insisting of the creditors. In case the Prime Minister and the Government of the Republic of Croatia decide that Ante Ramljak compromised the process, they are free to dismiss me.

**22) A short explanation of the treatment of minority shareholders in the draft settlement plan?**

If it is clear that Ivica Todorčić as the largest shareholder will lose his ownership, then it is also clear that the minority shareholders will lose their ownership as well.