AGROKOR
EXTRAORDINARY ADMINISTRATION

MONTHLY REPORT ON ECONOMIC AND FINANCIAL STATE AND THE IMPLEMENTATION OF THE MEASURES OF EXTRAORDINARY ADMINISTRATION OF AGROKOR D.D.

FOR THE PERIOD BETWEEN 11 FEBRUARY 2018 AND 10 MARCH 2018

Prepared pursuant to Article 12 paragraph 9 of the Act on the procedure of Extraordinary Administration in commercial companies of systemic importance for the Republic of Croatia (Official Gazette 32/2017)

AGROKOR
EXTRAORDINARY ADMINISTRATION

CONTENTS

AGROKOR
EXTRAORDINARY ADMINISTRATION

1. Executive summary

This monthly report of the Extraordinary Administration relates to the period from 11 February 2018 to 10 March 2018. The report provides an update on the economic and financial situation of Agrokor d.d. and its affiliates (the **Group**), and its overall operations..

The majority of the operating companies and business segments have continued with the positive trends from the previous periods and recorded optimistic business results and good performance indicators.

The retail and wholesale sector has recorded increasing results with all companies having operated in line with expectations in terms of profitability. The food sector has generated positive results, with all companies intensively preparing for the Easter holidays. While the results of the agriculture sector have been adversely impacted by the drop in prices of meat, oil crops, cereal crops, fruit and vegetables, with the announced increasing trend of these prices all key performance indicators are expected to grow in the forthcoming period.

The reporting period was marked by the change in Extraordinary Commissioner. On 15 February 2018, Ante Ramljak presented the status of the Group as at date of his appointment as Extraordinary Commissioner, and key measures taken throughout the process to members of the Economy Committee of the Croatian Parliament, and replied to the questions addressed by said members related to the above points.

On February 27, 2018 Ante Ramljak informed the Commercial Court in Zagreb on his resignation. On February 28, 2018 the Commercial Court in Zagreb, upon proposal of the Government of the Republic of Croatia, relieved Ante Ramljak of duty as Extraordinary Commissioner in the company Agrokor d.d. and appointed Fabris Peruško as new Extraordinary Commissioner of the company Agrokor d.d. The Commercial Court has also, upon proposal of the Croatian Government, appointed Irena Weber as Deputy Extraordinary Commissioner.

Following a proposal by the Government, the Commercial Court of Zagreb relieved Ante Ramljak of his duties and appointed Fabris Peruško as new the Extraordinary Commissioner, and Irena Weber as Deupty Extraordinary Commissioner

Both are experts already working within the Extraordinary Administration. Fabris Peruško was a member of the management board of Tisak in charge of finance and restructuring, while Irena Weber served as advisor to the former Extraordinary Commissioner for the Group's non-core businesses and asset portfolio. This has made them well placed to accept their new appointments and continue to work towards achieving a settlement with the Group's creditors within the timeframe stipulate by the Act on Extraordinary Administration. The SPFA creditors have accepted the appointments. and stated that they would not enforce their rights within the SPFA pertaining to the change of Extraordinary Commissioner.

At its session held on 21 February 2018, the Temporary Creditors' Council (**TCC**) unanimously adopted the disclosure policy. An update was also provided on the Extraordinary Administration, where TCC commented upon current developments.

Despite the challenges faced in this reporting period, the settlement agreement reamins the primary focus of the Extraordinary Administration and the restructuring team continues to work towards this within the permitted timeframe.

AGROKOR
EXTRAORDINARY ADMINISTRATION

2. State of companies under the Extraordinary Administration during the reporting period

The financial information in the table below relates to January 2018 revenue and EBITDA for certain key companies of the Group. January financial results for individual Group companies included in this section of the report are not audited. Please note that all comparisons to budgets in this section are with reference to the viability plans previously published in 2017.

Jan 2018 performance*

HRK m	Retail and Wholesale	Food	Agriculture
Revenue	896m	426m	141m
EBITDA	-21.1m	21m	21.6m
EBITDA %	-2.4%	4.9%	7.4%

- **Retail and Wholesale** includes 4 companies summarized results:
  - Retail: Konzum Croatia, Konzum B&H, Tisak
  - Wholesale: Velpro centar
- **Food** includes 9 companies summarized results:
  - Bevarages: Jamnica, Sarajevski kiseljak and Roto dinamic
  - Ice Cream and Frozen Food: Ledo, Frikom and Ledo Čitluk
  - Oil: Zvijezda and Dijamant
  - Meat: PIK Vrbovec
- **Agriculture** includes 3 companies summarized results:
  - Belje, PIK Vinkovci and Vupik

- *Summarized results, i.e. no elimination of intercompany transactions and no consolidation adjustments*
- *Revenue includes sales of goods and services (domestic and foreign)*
- *EBITDA = EBIT + Depreciation and amortization + value adjustments and impairments + provisions*
- *COGS calculated as Cost of materials plus cost of goods sold +/- change in inventory*

The recent positive trends in 2017 retail and wholesale operations have continued into January 2018. All companies within this sector were able to generate operating results in line with the viability plans. While there were some minor deviations in relation to forecast revenues, there were no significant variations in EBITDA. Profitability is as planned as a result of work on the cost side and successful continued cooperation with suppliers.

Konzum, as the largest representative of the retail and wholesale business segment, has continued to improve its operations and is approaching the revenue levels achieved in previous years. Sales revenues in retail are at -4.86% in a year-on-year like-for-like comparison which is the best result since commencement of the Extraordinary Administration and also above plan. January, along with February and November, are generally the months with the lowest revenues, and given the large fixed cost end to be the least profitable. Given the significant difference of revenues in revenues in these months as compared to the summer it is clear that they generate negative EBITDA, which amounted to HRK -9.5 million in January, 3% better than planned.

Konzum BiH has continued to improve its operations as planned. The significant reduction of operating costs has led to a better EBITDA result (HRK -2.9 million) than planned (HRK -4.6 million). Due to certain specific negative perceptions, January saw intensive work put into marketing to attract customers to return to Konzum BiH. The activities planned and implemented have achieved positive results, with result that planned revenues have been generated as planned albeit with a slightly weaker gross margin, the majority of the difference being the cost of the promotional activities. The cost optimization effort has finally lead to a better-than-planned result in January.

Tisak continues its path to recovery, which started late last year. While revenues, and thus gross margin, were slightly below expectation, intensive work on stabilizing operations and controlling fixed costs has resulted in significantly higher EBITDA than planned. As a result of the assortment expansion, pricing policy corrections and the reduced share of wholesale operations which deliver lower margins, Tisak was able to realize a better relative gross margin than planned (+0.2 p.p.) and a significantly better one in a year-on-year comparison (+1.5 p.p.). The business decision of ZET (Zagreb public transport company) to stop selling tickets at Tisak newsstands has had a significant impact on Tisak's operations, with both a direct and indirect impact on revenues and gross margin.

Early this year Velpro entered into a period of result recovery. Although there was some limited deviation from revenues and margin plans, with the intensive work on costs and the strict monitoring of activities established in the viability plan Velpro was able to generate the forecaster level of EBITDA. In the first quarter Velpro plans to complete its cost restructuring, with the key goal being the increase of operating revenues and meeting the key performance indicators as set.

The food sector has continued to generate positive results in January. Despite the slight drop in sales revenues, operating profits (EBITDA) were significantly higher than planned as a result of the implementation of operating efficiency improvement measures and the positive impact of lower material costs. Continued efforts have also resulted in the introduction of certain products into new foreign markets. The companies are actively preparing for the Easter holidays and also the beginning of the season.

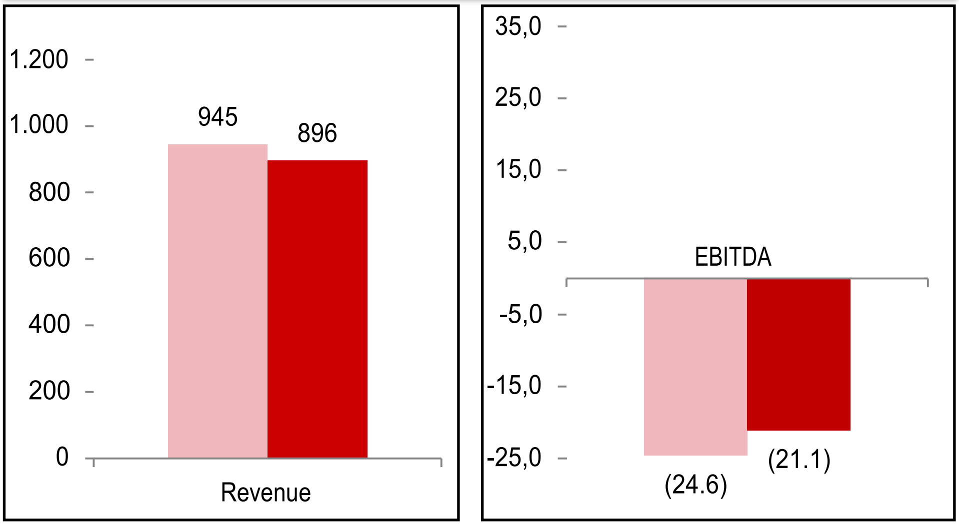
As a result of the significant drop in the prices of pork, oil, crops, fruit and vegetables and semi-hard cheese there was a shortfall in revenues compared to budget. The reduced EBITDA realized is mainly accounted for by the drop in pork prices - approximately HRK 11 million. In future months pork prices are expected to rise and thus improve the EBITDA realized.

2.1. Companies in the retail and wholesale sector

Companies in the retail and wholesale sector are Konzum, Konzum BiH, Tisak and Velpro centar. The table below shows the cumulative revenue and EBITDA by month for the sector, with results of Croatian individual companies portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA by month 2018 (HRK m) *

Retail & Wholesale



- Includes 5 companies summarized results:
  - Retail: Konzum Croatia, Konzum B&H, Tisak
  - Wholesale: Velpro centar and Velpro B&H

NOTE: All results are estimated.

Budget Actual

2.1.1. Companies in the retail and wholesale sector: Konzum d.d.

2.1.1.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	601	626
EBITDA	-9.5	-9.8
EBITDA %	-1.6%	-1.6%

NOTE: All results are estimated.

2.1.1.2. Commentary on recent trading

- As a result of hard work and as a consequence of certain decisions made in 2017, turnover in January followed the same positive trend that had been set by the end of last year. The average basket is slightly below expectations, but due to the higher number of customers the turnover generated was close to the level expected.

- Better supplier relations and communication is visible through the higher than expected price discounts. Increased promotional activities have attracted more customers.

- EBITDA, although negative, was as expected for the time of the year as a result of the initiatives taken to improve operations and efficiency.

- The activities and efforts from previous months resulted in improved availability of goods, which is currently at the market standard. Better availability of goods in the warehouse and in stores is a consequence of intensive work over the previous months as well as improved cooperation with the suppliers and has been achieved without an increase in inventories.

2.1.2. Companies in the retail and wholesale sector: Tisak d.d.

2.1.2.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	136	147
EBITDA	-2.8	-4.4
EBITDA %	-2.1%	-3.0%

NOTE: All results are estimated.

2.1.2.2. Commentary on recent trading

- EBITDA development has continued its upwards trend that began in the second half of 2017 in line with the realization of restructuring measures implemented, with a better result for January 2018 than expected.
- Revenues and price spread in retail were below expectation in January, solely due to the discontinued sales of ZET (Zagreb public transportation) tickets. Revenues and price spread in wholesale were below expectations, specifically in commercial goods (merchandize) and coupons, due to a delay in new assortment listings. Moreover, revenues from courier services were lower than expected in the parcel distribution category.
- By the end of January 2018 most restructuring measures implemented since June 2017 were realized, such as the closing down of unprofitable points of sale, introduction of new assortment in retail, reduced indirect costs and the discontinuation of unprofitable business arrangements such as the distribution of flyers.
- In line with the restructuring measures taken, fixed monthly operating costs amounted to HRK 32m, with the cost reduction in January 2018 thus having exceeded expectations. Next steps in the restructuring of the company will focus on the finalization of improvements in logistics,, and generating higher revenues and gross margin.

2.1.3. Companies in the retail and wholesale sector: Konzum BiH

2.1.3.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	98	98
EBITDA	-2.9	-4.6
EBITDA %	-3.0%	-4.7%

NOTE: All results are estimated.

2.1.3.2. Commentary on recent trading

- In January significant positive effects were visible in all performance indicators as a result of the measures taken in previous months.
- EBITDA was significantly better than expected.
- Revenues generated in January met expectations.
- The total margin was lower than expected due to stronger pricing activities aimed at regaining customer confidence. The projects “Price of the day“ and “Good price every day“ were implemented. These marketing activities resulted in the achievement of forecast turnover and an improvement in customer numbers.
- Lower operating costs in January are the result of cost saving measures taken and strict cost monitoring.

2.1.4. Companies in the retail and wholesale sector: Velpro - Centar d.o.o.

2.1.4.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	61	74
EBITDA	-5.9	-5.8
EBITDA %	-9.7%	-7.9%

NOTE: All results are estimated.

2.1.4.2. Commentary on recent trading

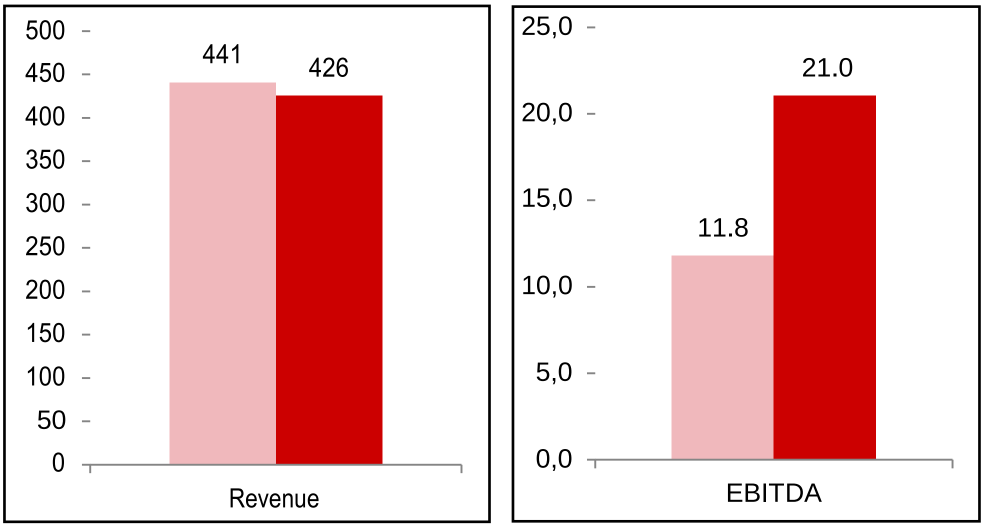
- Customer relations have been stabilized. As January is a particularly price sensitive month additional promotional activities were adopted in order to keep prices competitive, in agreement with suppliers.
- Inventories were at the expected level for the time of the year and appropriate for the current level of sales.
- Although the EBITDA generated was negative, it was as expected for the current period as a result of both better margin realization and significant cost reduction.

2.2. Companies in the food sector

Companies in the food sector are Jamnica, Sarajevski kiseljak, Roto dinamic, Ledo, Frikom, Ledo Čitluk, Zvijezda, Dijamant, and PIK Vrbovec. The table below shows cumulative revenue and EBITDA by month for the sector, with results of Croatian individual companies portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA by month 2018 (HRK m) *

Food



- Includes nine companies summarized results:
  - Beverage: Jamnica, Sarajevski kiseljak and Roto dinamic
  - Ice Cream and Frozen Food: Ledo, Frikom and Ledo Čitluk
  - Oil: Zvijezda and Dijamant
  - Meat: PIK Vrbovec

Budget Actual

NOTE: All results are estimated.

2.2.1. Companies in the food sector: Jamnica d.d.

2.2.1.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue**	56	54
EBITDA	5.9	4.4
EBITDA %	10.5%	8.1%

NOTE: All results are estimated.

2.2.1.2. Commentary on recent trading

- The business operations in January 2018 were as expected.
- Generated revenues exceeded budget. Revenues from sales of mineral water (carbonated, non-carbonated and flavored) account for approximately 60% of revenues. The remaining 40% were generated from sales of fruit juices, ice tea, carbonated soft drinks and wine and liquers. More than 85% of total revenues come from sales on the domestic market, while 15% are accounted for by foreign market sales.
- Due to changes in the iced tea market, the company was able to generate higher than expected revenues.
- Generated EBITDA and EBITDA margin were both higher than planned.

AGROKOR
EXTRAORDINARY ADMINISTRATION

2.2.2. Companies in the food sector: Roto dinamic d.o.o.

2.2.2.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	49	51
EBITDA	-3.4	-3.6
EBITDA %	-7.0%	-7.0%

NOTE: All results are estimated.

2.2.2.2. Commentary on recent trading

- The company focussed on efficiency in the period and so although sales revenues were lower than expected, the company was able to generate higher EBITDA than planned.
- Due to better weather conditions, sales in the beer and water segments both exceeded expectations.

2.2.3. Companies in the food sector: Sarajevski Kiseljak d.d.

2.2.3.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	18	16
EBITDA	2.9	2.4
EBITDA %	16.1%	15.0%

NOTE: All results are estimated.

2.2.3.2. Commentary on recent trading

- Due to increased revenues and the positive impact of COGS, EBITDA and EBITDA margin were above plan.

- The beginning of the year was characterized by the agreed continued exports of Sarajevski kiseljak products to Saudi Arabia and the countries around the Persian Gulf.

- The BiH market was characterized by stagnant and decreased consumption, due to an increased outflow of population to EU countries and political tensions in election year.

2.2.4. Companies in the food sector: Ledo d.d.

2.2.4.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	43	39
EBITDA	-1.7	-1.8
EBITDA %	-3.9%	-4.6%

NOTE: All results are estimated.

2.2.4.2. Commentary on recent trading

- The new Soft Ice Cookie and XXL frozen food packagings were launched with a view to increasing the market competitiveness.
- The annual overhaul of the ice cream and frozen food production plant was completed. All activities designed to facilite quickly and efficiently the introduction of new products to the market have been prepared.
- The domestic market saw increasing sales in all channels, particularly HoReCa, where the customers are gradually returning.
- Good control over other operating costs resulted in EBITDA being in line with expectations.

2.2.5. Companies in the food sector: Ledo Čitluk d.o.o.

2.2.5.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	15	15
EBITDA	0.9	0.8
EBITDA %	5.9%	5.3%

NOTE: All results are estimated.

2.2.5.2. Commentary on recent trading

- Revenue growth in January was as expected, the majority from the ice cream category due to national promotions, as well as from vegetables where new products were launched in lower price categories in response to competitor products.
- With the implementation of cost control measures, EBITDA generated was in line with plan.

2.2.6. Companies in the food sector: Frikom d.o.o.

2.2.6.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	33	33
EBITDA	-0.9	-1.5
EBITDA %	-2.8%	-4.5%

NOTE: All results are estimated.

2.2.6.2. Commentary on recent trading

- In consequence of the activities related to encouraging ice cream consumption in winter, the month saw a significant growth in ice cream sales (impulse, family and HoReCa), as the most profitable product category.
- Due to stockouts in the frozen food segment, total sales revenues in January were in line with budget.
- The increase in exports was significantly higher than expected, particularly in the ice cream, fruit and vegetables categories.
- The generated EBITDA exceeded budget.

2.2.7. Companies in the food sector: Zvijezda d.d.

2.2.7.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	45	48
EBITDA	2.3	1.1
EBITDA %	5.1%	2.2%

NOTE: All results are estimated.

2.2.7.2. Commentary on recent trading

- In January the company continued to generate positive results.
- As a result of operational optimization measures which include the reduction of operating and production costs, full utilization of capacities, entering new markets and new product categories, the Company was able to generate higher EBITDA than planned, despite of the drop in sales.
- Exports of gastro products to Central European countries commenced.
- It is particularly worth noting that new category development activities have continued, particularly with regards to merchandize under the Zvijezda brand, aimed at expanding the offer in the canned vegetables category.
- Continued marketing efforts remain focused on maintaining stability in the margarines category, through a number of sales and promotional activities and the preparation of a campaign for the Omegol product line.

2.2.8. Companies in the food sector: Dijamant a.d

2.2.8.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	44	57
EBITDA	2.7	2.2
EBITDA %	6.1%	3.9%

NOTE: All results are estimated.

2.2.8.2. Commentary on recent trading

- Due to distressed prices and large quantities of imported oil on the market, the results generated were not in line with budget.
- Revenues from sales of mayonnaise and dressings were significantly better than planned.
- In January Dijamant started the distribution of semi-hard Belje cheese.
- EBITDA exceeded budget due to the impacts of COGS and lower operating costs.

2.2.9. Companies in the food sector: PIK Vrbovec d.d.

2.2.9.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	123	128
EBITDA	12.4	7.7
EBITDA %	10.1%	6.0%

NOTE: All results are estimated.

2.2.9.2. Commentary on recent trading

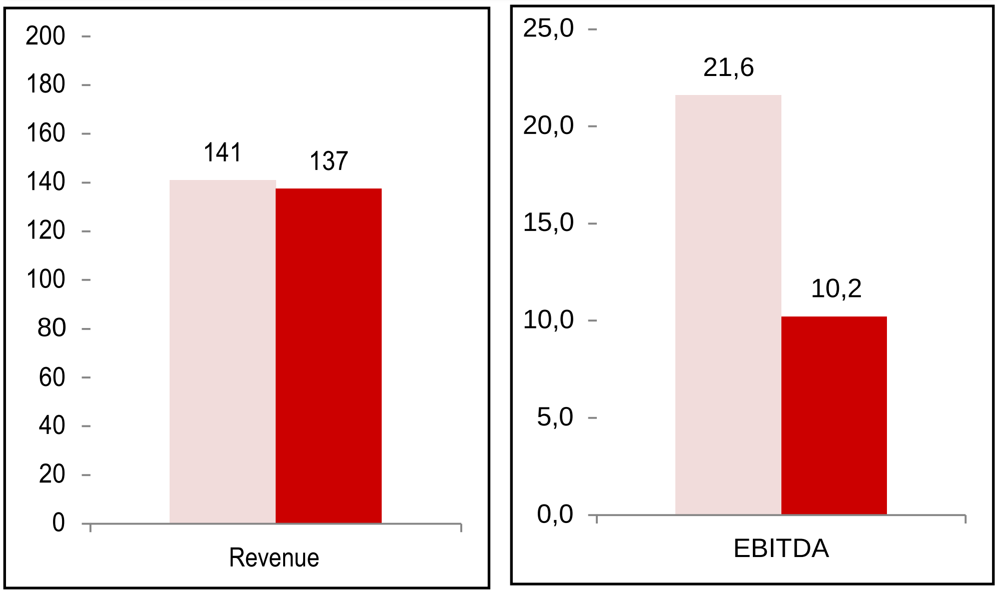
- Revenues from sales of finished products and merchandize were below plan.
- EBITDA was however above plan but in line with expectations, as a result of a number of initiatives and cost saving projects, and due to the raw-material price developments both of which contributed to the result exceeding plan.

2.3. Companies in the agriculture sector

Companies in the agriculture sector are Belje, PIK Vinkovci and Vupik. The table below shows the cumulative revenue and EBITDA for the sector, with results of individual companies portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA for 2018 (HRK m) *

Agriculture



- Includes 3 companies summarized results:
    - Belje, PIK Vinkovci and Vupik

NOTE: All results are estimated.

Budget Actual

AGROKOR
EXTRAORDINARY ADMINISTRATION

2.3.1. Companies in the agriculture sector: Belje d.d.

2.3.1.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	95	96
EBITDA	9.3	12.0
EBITDA %	9.9%	12.5%

NOTE: All results are estimated.

2.3.1.2. Commentary on recent trading

- Revenues from products and services generated in January were close to the planned level, although the sales prices of fattening piglet prices and semi-hard cheese were significantly below plan. The assumed price of finishers in the budget was HRK 9.37/kg, with the impact of the lower prices realized on revenues and EBITDA amounting to HRK 5.1 million.

- The level of inventories at the end of January was higher compared to 2017, mainly due to raw material and animal feed production material stocks which were purchased during the season at prices which are lower than the current market prices.

2.3.2. Companies in the agriculture sector: PIK Vinkovci d.d.

2.3.2.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	27	29
EBITDA	3.3	6.2
EBITDA %	12.4%	21.4%

NOTE: All results are estimated.

2.3.2.2. Commentary on recent trading

- The structure of sales revenues in January is mainly comprised of sales of cereal crops, soya meal, piglets, fresh fruit and vegetables and sales of production materials to contract farmers. The drop in prices of piglets and fruit and vegetables as well as the reduced cereal crop trading activities had a negative impact on planned revenue realization. Due to reduced fattening piglet prices, planned EBITDA was HRK 1.3 million lower than planned. The assumed price was HRK 18/kg, while the realized price was HRK 11.41/kg.

- Due to the change in the structure of customers in early 2018 as well as payment methods and collection of accounts receivable with trading activities having been transferred to PIK, customers made advance payments for goods to a greater extent.

AGROKOR
EXTRAORDINARY ADMINISTRATION

2.3.3. Companies in the food sector: Vupik d.d.

2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	16	16
EBITDA	-2.5	3.5
EBITDA %	-15.6%	-21.9%

NOTE: All results are estimated.

2.3.3.2. Commentary on recent trading

- January saw an expected level of sales revenues as envisaged in the budget. The negative trend of decreasing finisher prices has continued with a direct impact on the company's profits. Unlike January 2017, which saw sales of stocks of agricultural and contract farming crops (corn, soybean, seed corn), there were no such revenues in January 2018, as all stocks had been sold in December 2017. Given the cessation of contract farming operations in 2018, there have been declines in sales revenues and cost of goods sold.

- EBITDA has decreased mostly due to the negative development of results in livestock breeding resulting from the very low finisher market price. The current market value of finishers has significantly affected EBITDA in January 2018 (EBITDA decrease in *PC Svinjogojstvo* (Pig Breeding Business Unit) against budget of approximately HRK -5 million). In the coming months fattening piglet sales prices are expected to increase, with livestock breeding operations and results expected to stabilize accordingly.

3. Short-term cash position

3.1. Cash management

The Group continues to actively manage its liquidity with cash flow forecasts being updated on a fortnightly basis, and weekly/fortnightly payment budgets being set and approved based on these forecasts. With effect from 24 November 2017, the Croatian core non-retail companies moved to a fortnightly payment run with only exceptional payments being approved on a weekly basis. In the period since the new finance was raised in June 2017 to February 2018 net funds of HRK 1 billion have been deployed in the businesses to assist with liquidity.

As discussed in the previous monthly report, this cash was used primarily to unwind trade payables in relation to the period post 10 April 2017, and to restock the businesses.

The table below provides a summary of the current and previous cash flow forecast:

CW3 Forecast 19 Core Subsidiaries 13 Week STCF vs prior week (HRK m)

	Current STCF (CW 7)	Prior week STCF (CW 5)
Minimum cash balance (13w)	751	789
Maximum cash balance (13w)	1,189	1,297
Minimum Liquidity covenant	296	296
Undrawn facility	-	-
Available liquidity	**455 – 893**	**493 – 1,001**

3.2. Supplier claims settlement

It was communicated publicly in the week ending 28 July 2017 that a tranche of EUR 150 million would be made available for the settlement of trade claims prior to the Act on Extraordinary Administration. This EUR 150 million tranche has been split into three pools:

- **Pool A (up to EUR 30 million)**: Dedicated pool for ‘micro’ suppliers, defined as family farms (OPG), small entrepreneurs and micro-suppliers with annual revenue less than HRK 5.2 million, a maximum of HRK 2.6 million in assets and up to 10 employees;

- **Pool B (EUR 110 – EUR 120 million):** This pool is open to all suppliers (except the Pool A micro-suppliers). Suppliers must confirm they will return to historic and/or industry standard terms of supply in order to be eligible; and

- **Pool C (up to EUR 10 million):** Discretionary pool for settlement of trade supplier claims in respect of debts accrued prior to the Extraordinary Administration, in accordance with identified business needs.

3.2.1. Pool A update

To date, over 2,500 micro companies, craft trades and small farmers have received 100% settlement of their pre-petition debt with Pool A utilization now at EUR 21.5 million.

3.2.2. Pool B update

3.2.2.1. Allocation of funds

The funds in Pool B are to be allocated to suppliers based on their claims and ongoing support for the business, the overarching approach to allocation is split between the following two tranches:

- **Pro rata tranche (Tranche 1)**: EUR 27.5 million distributed on a pro rata basis to all Old Debt suppliers that have filed their claims in the Extraordinary Administration; and

- **Proportional tranche (Tranche 2)**: allocated on a proportional basis to suppliers holding Old Debt, that have filed their claims in the Extraordinary Administration and have agreed to sign an agreement with the Group to return to historic supplier terms going forward, to a maximum of 40% of supplier's Old Debt, taking into account any amounts paid previously for Old Debt.

3.2.2.2. Eligibility assessment process

In order to determine the amounts to be allocated in Pool B, a two-step process is being applied:

i. Each Group company identified its important suppliers and offered new supply contracts; and

ii. Companies with signed contracts were eligible for allocation of Tranche 2 from Pool B.

3.2.2.3. Status update

There have currently been EUR 83.8 million of funds approved to be utilized out of Pool B. This is broken down as follows:

- Tranche 1 of EUR 27.45 million (includes previously approved amount of EUR 27.4 million and an additional EUR 0.05 million approved on 23 January 2018) has been allocated on a pro rata basis to all Old Debt suppliers, that have filed their claims in the Extraordinary Administration. With this, the total amount allocated for Tranche 1 is approved for payment.
- Tranche 2 of EUR 56.43 million (include previously approved EUR 56.4 million and an additional EUR 0.03 million approved on 23 January 2018) has been allocated on a proportional basis to suppliers holding Old Debt, that have filed their claims in the Extraordinary Administration and have agreed to sign an agreement with the Group to return to historic supplier terms going forward; of which
    - 80% of the Old Debt is paid after all the necessary approvals are given; and
    - the balancing 20% will be paid on or before 31 March 2018.

On the basis that certain corrections to the tables of recognized claims were delivered to Zagreb Commercial Court on 13 December 2017, any additional requests for payment approval are expected from the creditors in question from Groups A and B. Any residual unused funds from this EUR 150 million will become available for operational use within the Group.

3.2.2.4. Border claims

The Extraordinary Administration paid a second round of border claims in order to reach a minimum of 47% of the supplier's border claim to those suppliers who had signed an agreement with the Group to return to historic supplier terms. In addition to the Pool B supplier who had already signed the agreement a small number of key suppliers who did not have a significant amount of old debt (and have thus not participated in the Pool/Group B agreements) were offered a payment of up to 47% of border debt, subject to the net benefit arising to the company through the new terms being higher than the envisaged border debt payment. The approval process is run by AlixPartners and expected to be completed by mid-March.

3.3. Trade finance facility

Expressions of interest for participation in the EUR 50 million trade finance facility were completed on 25 August 2017 with 305 indicative applications received. These applications exceeded the amount of the available facility. Allocation of the EUR 50 million pool is currently ongoing with a focus on eligible suppliers that have a high goods turnover.

During December, Group companies issued term sheets to suppliers to finalize negotiations and secure the additional financing. This financing is anticipated to be provided via a combination of cash and goods.

21 suppliers signed to access the trade facility in the total amount of EUR 37.98 million. Of this amount, EUR 22.36 million of good and services have already been provided.

Over the next 10 days agreements with other suppliers are expected to be signed.

AGROKOR
EXTRAORDINARY ADMINISTRATION

4. Settlement negotiations

Over the past month, the Extraordinary Administration has continued discussions with the TCC to jointly agree on the process for developing a settlement plan that will secure approval by the requisite majority of the Group's creditors, given the time constraints imposed by the Act on Extraordinary Administration. The topics covered have included the anticipated Permanent Creditor Council formation process and timetable, implications of claim challenges by creditors and information sharing with the TCC.

A disclosure policy for the sharing of information was agreed between the Extraordinary Administration and the TCC on 21 February 2018. The disclosure policy establishes an information-sharing framework between the Group, the TCC and creditors, the key terms of which are as follows:

- In the interests of transparency and openness, the Group agrees to the regular publication of information releases outlining the current status of settlement negotiations with the TCC (**Information Releases**);

- The content of the Information Releases will be agreed with the TCC;

- The Information Releases shall contain a summary of:
    - all information made available by the Group to the TCC which is materially relevant to the terms of the settlement plan; and
    - all decisions and resolutions made by the TCC which are materially relevant to the terms of the settlement plan and the calculation of entitlements.

- The first of the Information Releases will be published by 14 March 2018 and subsequent Information Releases will be made within 21 days of the previous. Information Releases can be made before the end of the 21 days where the TCC considers that the Information Releases are required on a more urgent basis;

- If the Group and the TCC cannot agree on the content of the Information Releases, the TCC (by majority) shall be entitled to make such information publicly available as they consider appropriate; and

- TCC members may disclose all information shared with them by the Group in connection with the settlement plan to their advisors on a confidential basis.

The Extraordinary Administration expects the disclosure policy to facilitate productive settlement plan discussions with the TCC over the coming weeks.

Furthermore, the Extraordinary Administration has been maintaining a general dialogue with other significant stakeholders on the status of the restructuring process.

At the offsite meeting of the Group's TCC members and observers, which was held over three days from 6 March 2018 to 8 March 2018, inclusive, the new Extraordinary Administrators and his Deputy, supported by the wider Group team and its advisors, made significant progress towards agreeing the key terms of the settlement.

During the meeting, many topics were addressed including the recently announced updates to the viability plan, key legal milestones, Permanent Creditors Council formation timelines, details on the settlement structure and crucially, the treatment of outstanding border debt.

Building on the restructuring proposal presented in December 2017, the Group's creditors representatives, both financial and supplier creditors (the **Creditors Representatives**) have, for the first time, been able to review certain important financial information which will assist them in reaching a viable settlement plan. In consultation with the TCC, the group will make the relevant information which was shared with the TCC publicly available on 14 March 2018.

The Creditors Representatives had a very constructive face-to-face dialogue and their main settlement orientated thoughts and issues were openly debated.

The discussion on outstanding border debt, which was identified by the suppliers' representatives as one of the critical points, resulted in the proposal of a potential solution that in principle is acceptable to the financial creditors and the supplier. All parties agreed to progress the proposal quickly to ensure broad creditor support for the settlement.

At the end of the meeting a small number of key open issues were identified. It was agreed that the same group would reconvene to resolve these remaining issues in the week commencing 19 March 2018.

5. Cost of Extraordinary Administration and operational business of Agrokor d.d.

The Extraordinary Administration continues to manage accrued operational business expenses that relate directly to the various centralized services provided across the Group.

An overview of the Group's operating costs paid to the end of January 2018, grouped by cost type, can be found in the table overleaf. These are reported net of VAT to enhance the transparency of the true costs to the Group. These cost categories include all advisors whether instructed before or after the Extraordinary Administration commenced.

A breakdown of advisors specifically engaged for the period of Extraordinary Administration and their scope of work can be found in the monthly report for the period from 11 October to 10 November 2017.

OPERATING COSTS of AGROKOR D.D. (HRK)	April 2017	May 2017	June 2017	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	Total
Total cost of salaries and fees											
Commissioner's fee	89,228	118,970	118,970	118,970	118,970	118,970	118,970	118,970	118,970	118,970	1,159,961
Employees and service contracts (Bruto II included)	8,857,131	6,887,930	7,605,343	5,749,269	5,017,986	5,116,400	4,225,917	4,494,177	5,236,033	4,068,203	57,258,389
Severance payments	4,638,224	4,079,058	7,383,890	1,619,979	1,157,488	2,753,742	1,155,418	-	2,172,384	-	24,960,182
	13,584,583	**11,085,959**	**15,108,203**	**7,488,218**	**6,294,444**	**7,989,112**	**5,500,305**	**4,613,148**	**7,527,387**	**4,187,174**	**83,378,533**
Consultant fees*											
Legal	-	11,271,939	12,071,939	7,418,827	8,257,449	10,919,390	12,189,006	11,522,171	7,862,803	10,221,146	91,734,670
Financial				22,589,795	1,746,440	3,487,950	1,534,608	1,844,448	376,162	3,685,064	35,264,466
Restructuring	8,496,338	8,999,894	14,907,250	13,923,906	14,995,250	12,354,949	10,853,498	14,596,921	17,869,515	12,758,536	129,756,057
Other (forensics, HR)							5,284,844	4,562,603	-	1,902,977	11,750,424
	8,496,338	**20,271,834**	**26,979,189**	**43,932,527**	**24,999,139**	**26,762,290**	**29,861,955**	**32,526,143**	**26,108,480**	**28,567,723**	**268,505,617**
Audit and tax services	**11,350**	**-**	**1,767,124**	**1,185,417**	**386,841**	**348,506**	**3,465,239**	**-**	**2,862,410**	**738,751**	**10,765,638**
Utilities costs	**294,625**	**420,131**	**202,882**	**174,769**	**117,832**	**360,146**	**90,252**	**342,436**	**278,746**	**195,547**	**2,477,366**
Material costs											
Transportation costs (insurance, maintenance, fuel, etc.)	937,626	517,850	376,654	892,931	390,293	475,217	566,253	809,759	295,142	218,024	5,479,748
Ongoing maintenance	368,407	277,780	264,578	289,476	250,984	287,856	297,554	472,183	617,595	417,521	3,543,933
Other	-9,482	-224,557	61,627	4,420,862	47,873	95,926	195,564	94,334	50,699	54,537	4,787,382
	1,296,551	**571,073**	**702,860**	**5,603,269**	**689,150**	**858,998**	**1,059,370**	**1,376,275**	**963,436**	**690,082**	**13,811,063**
Insurance costs - management liability insurance	**-**	**1,448,384**	**-**	**2,963,608**	**-**	**10,559,427**	**-**	**-**	**-**	**-**	**14,971,419**
Cost of new financing	**-**	**-**	**33,455,134**	**8,045,087**	**-**	**-**	**5,518,052**	**-**	**-**	**-**	**47,018,273**
Travel costs / education	**19,702**	**24,583**	**54,014**	**57,928**	**18,633**	**44,956**	**81,033**	**46,684**	**55,064**	**38,735**	**441,332**
Other costs **	**8,911,323**	**9,572,848**	**5,379,752**	**-860,164**	**6,029,758**	**8,808,567**	**2,443,543**	**5,096,512**	**1,223,641**	**986,289**	**47,592,069**
Amortization / Depreciation	**533,203**	**532,870**	**543,566**	**541,295**	**541,365**	**539,824**	**532,885**	**528,121**	**464,954**	**464,954**	**5,223,038**
Total (April adjusted for operating costs after 10 April 2017)***	**33,147,675**	**43,927,681**	**84,192,723**	**69,131,954**	**39,077,164**	**56,271,826**	**48,552,635**	**44,529,317**	**39,484,118**	**35,869,254**	**494,184,347**

Notes:

1 *Total operating costs of Agrokor d.d. (without adjustments or deduction of costs for period from 1 April 2017 to 10 April 2017) plus all subsequent months amount to total operating costs of Agrokor d.d. (this is the number in SAP):* ***522,049,624***

2 *Total operating costs in the sum of 494,184,347 is the best representation of the operating costs of Agrokor d.d. since the start of the Extraordinary Administration (being total costs less total costs for the period 1 April 2017 to 10 April 2017).*

3 **Consultant fees are adjusted for the proportion of their costs related to VAT and the pro-rata system Agrokor is in, for the Extraordinary Administration.*

4 ***Adjustments totalling 27,865,276 have been made for operating costs that relate to the period 1 April 2017 to 10 April 2017. Other costs includes all other SAP accounts which are not seperately listed in the above table. Hence, this can result in negative amounts in certain categories for a given period. Furthermore, it includes suppliers after 10 April 2017 which are not captured within consultant fees.*

5 ****Agrokor d.d. is in the process of closing bookings for January 2018 hence the above table remains subject to change; however, operating costs shown are the best representation as of the date of this report and includes an estimate for amortisation which is yet to be actualised.*

The last monthly report noted that a number of invoices for the year ending 31 December 2017 were yet to be booked and paid. January therefore sees an increase in financial and other costs of HRK 3.3 million and HRK 1.9 million, respectively. Consequently, total consultant fees are HRK 2.5 million more than December.

Due to the additional services provided in respect of the Group claims lodged at court in November, as detailed in the last monthly report, restructuring costs invoiced and paid in January are HRK 5.1 million less than December.

Work continued in January on the Group’s audit for the financial year ending 31 December 2017. It remains anticipated that audit and tax fees will continue to accrue through the first quarter of 2018 as the audit continues.

The overall headcount of Agrokor d.d. at the end of January was 90 and no severance payments were made in January.

AGROKOR
EXTRAORDINARY ADMINISTRATION

6. Replacement of the Extraordinary Commissioner

On 27 February 2018 Ante Ramljak informed the Commercial Court in Zagreb on his resignation. On 28 February 2018 the Commercial Court of Zagreb, upon proposal of the Government of the Republic of Croatia, relieved Ante Ramljak of his duties as Extraordinary Commissioner in the company Agrokor d.d. and appointed Fabris Peruško as new Extraordinary Commissioner of the company Agrokor d.d.. The Commercial Court also, upon proposal of the Croatian Government, appointed Irena Weber as Deputy Extraordinary Commissioner.

By way of compliance with the SPFA agreement, a waiver in relation to the change of Extraordinary Commissioner has been agreed .

The change in Extraordinary Commissioner has not in any way prevented the Group from pursuing its ongoing strategy to develop a settlement plan, with approval of the Group's creditors, within the timeframe specified by the Act on Extraordinary Administration.

7. Litigation

The present reporting period saw some developments in the various litigation and enforcement proceedings formally issued against the Group. There are no updates on the proceedings in Croatia, Slovenia or Montenegro for this period.

In England and Wales, a hearing was held on 21 February 2018 to hear Sberbank of Russia's application to lift the stay imposed by the order of HHJ Matthews recognising the extraordinary administration process in England and Wales in respect of Agrokor d.d. (Case no. CR-2017-005571). At the hearing, the Judge adjourned the application pending the conclusion of the appeal of the recognition order. This decision was based on undertakings, given by both parties in the course of the recognition proceedings, that neither party would take any steps in the arbitrations issued by Sberbank of Russia against Agrokor d.d. and some of its affiliates until the recognition proceedings had been "finally determined", which the Judge held included the determination of any appeals. Sberbank requested permission to appeal this finding from HHJ Matthews, which was refused. Sberbank has notified the Extraordinary Administration that it intends to seek permission to appeal from the Court of Appeal, to be heard together with its application for permission to appeal the recognition order, and that it will request expedition of these applications. The Extraordinary Administration filed an objection to the application for permission to appeal the recognition order during the period (case no. A2/2018/0103).

In Serbia, the Extraordinary Administration filed a reply to the appeal by Sberbank d.d. Ljubljana against the decision of the Commercial Court in Belgrade that it was not competent to hear the litigation proceedings brought against Jamnica d.d. (case no. P 5975/2017, former enforcement proceedings Iiv 3869/17). The Extraordinary Administration has also filed a reply to the appeal by Sberbank d.d. Zagreb against the Court's decision that it was not competent to hear the proceedings Sberbank had brought against Jamnica d.d. (case no. P 5726/2017, formerly enforcement proceedings Iiv 3732/17).

In the litigation proceedings brought by Banca Intesa in Zrenjanin (former case no. IIv 289/2017, now P 6465/17) the Extraordinary Administration had appealed the Court's decision to grant Banca Intesa's request for a temporary injunction over the shares in Dijamant a.d. during the previous reporting period. Banca Intesa filed a reply to this appeal during this period. Finally, the appellate Court in Belgrade has confirmed the temporary injunction granted in favour of Banca Intesa over the shares in Idea d.o.o. held by Konzum d.d. granted in the litigation proceedings brought against a number of companies in the Group, including Konzum d.d. (case no. P 3283/2017).

In Bosnia and Herzegovina, the Municipal Court in Kiseljak has upheld the objections of Jamnica d.d. in connection with the enforcement proceedings brought by Sberbank d.d. Zagreb (case no. 49 0 Ip 040938 17 Ip) and Sberbank banka d.d. Ljubljana (case no. 49 Ip 040942 17 Ip) and ordered the dispute to be settled by litigation proceedings. The Court did not direct the removal of the pledges created by virtue of the enforcement orders, and the Extraordinary Administration has appealed that aspect of the decision.

8. Temporary Creditors Council

The TCC convened once in the period between 11 February 2018 and 10 March 2018.

The TCC held its fifteenth session on 21 February 2018, when it adopted the disclosure policy.

At the same session the TCC was informed about the resignation of the former Extraordinary Commissioner, Ante Ramljak.

9. Registration of claims

Over the course of this reporting period changes and amendments to the tables of registered creditor claims of the second, higher payment order, in which the Extraordinary Administration recognized an additional HRK 7.9 million were published on two occasions – 12 February 2018 and 22 February 2018. These recognitions took place pursuant to proposals for corrections which were found to be substantiated.

On 31 January 2018 and 22 February 2018 corrections to the categorization of creditors to groups were published, in line with the ruling dated 26 January 2018.

Furthermore, exactly 100 complaints and correction proposals were received with regard to the ruling on determined and contested claims, to be decided upon by the High Commercial Court of the Republic of Croatia.

10. Stakeholder relations and communications

Regular and direct communication with all key stakeholders through various channels in Croatia and the region continued, still being one of the key priorities in the work of the Extraordinary Administration.

Media communication has again been extremely intensive in this reporting period, with more than 70 different media activities having taken place, primarily in Croatia, as well as in other countries where the Group operates. Among these activities were press releases, interviews, press statements and a significant number of responses to various media queries. The key communication topic was related to the change of the Extraordinary Commissioner – the resignation of Ante Ramljak and the appointment of the new Extraordinary Commissioner, Fabris Peruško, and his deputy, Irena Weber.

The TCC convened once over the course of this period.

In terms of internal communications, the focus was on communication related to the change in Extraordinary Commissioner and securing the continued regularities of the Extraordinary Administration, particularly progress towards the settlement.

Report prepared by:

Fabris Perusko Extraordinary Trustee Agrokor d.d	Irena Weber Deputy Extraordinary Trustee Agrokor d.d