

**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 OCTOBER AND 10 NOVEMBER 2017**

*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)*

### CONTENTS

1. Executive summary.....	4
2. State of companies under the Extraordinary Administration during the reporting period ....	7
2.1. Companies in the retail and wholesale sector .....	9
2.1.1. Companies in the retail and wholesale sector: Konzum d.d. ....	10
2.1.2. Companies in the retail and wholesale sector: Tisak d.d. ....	11
2.1.3. Companies in the retail and wholesale sector: Velpro - Centar d.o.o. ....	12
2.2. Companies in the food sector .....	13
2.2.1. Companies in the food sector: Jamnica d.d.....	14
2.2.2. Companies in the food sector: Roto dinamic d.o.o. ....	15
2.2.3. Companies in the food sector: Ledo d.d.....	16
2.2.4. Companies in the food sector: Zvijezda d.d. ....	17
2.2.5. Companies in the food sector: PIK Vrbovec d.d. ....	18
2.3. Companies in the agriculture sector .....	19
2.3.1. Companies in the agriculture sector: Belje d.d.....	20
2.3.2. Companies in the agriculture sector: PIK Vinkovci d.d. ....	21
2.3.3. Companies in the food sector: Vupik d.d. ....	22
2.3.4. Companies in the food sector: Agrokor trgovina d.o.o.....	23
3. Short-term cash position.....	24
3.1. Cash management.....	24
3.2. Supplier claims settlement .....	25
3.2.1. Pool A update.....	25
3.2.2. Pool B update.....	25
3.2.2.1. Allocation of funds .....	25
3.2.2.2. Eligibility assessment process .....	26
3.2.2.3. Status update .....	26
3.2.2.4. Border claims.....	26
3.3. Trade finance facility .....	26
4. Business reviews .....	28
5. Settlement negotiations .....	29

<b>6. Cost of Extraordinary Administration and operational business of Agrokor d.d. ....</b>	<b>30</b>
<b>6.1. Extraordinary Administration operating costs .....</b>	<b>30</b>
<b>6.2. Professional advisor's assignments and fees in the Extraordinary Administration procedure.....</b>	<b>31</b>
<b>7. Litigation .....</b>	<b>34</b>
<b>8. Temporary Creditors Council .....</b>	<b>37</b>
<b>9. Registration of claims.....</b>	<b>38</b>
<b>10. Stakeholder relations and communications .....</b>	<b>39</b>

## 1. Executive summary

This monthly report provides an update on the economic and financial state of, and implementation of activities and measures, under the Extraordinary Administration of Agrokor d.d. in the period between 11 October 2017 and 10 November 2017. The ongoing demanding process of financial and operational restructuring of the Group's companies in the reporting period continues to improve the overall state of the Group.

As previously reported, retail performance in the first half of 2017 was suppressed by the Group's liquidity problems. Following on from the stability provided by the new financing in June 2017, the retail businesses showed consistent strength month-on-month throughout the summer period as a direct result of the new financing, securing employees and maintaining stock levels. The positive trend of EBITDA growth that started in July continued through August and September, when the profit from the operational business was realized in the sum of HRK 13 million.

Food companies have achieved solid results for the nine months to 2017. Monthly results show a slight decrease of sales revenue due to unfavourable impact of the poor weather conditions during September. EBITDA and its monthly margin continue their positive growth trend. The main contribution comes from beverages and oils businesses as a result of cost excellence programs, where frozen and meat business are focused on profitable growth through portfolio optimization.

In the nine months to September 2017, the agricultural companies have achieved results that are marked with a slower realisation of revenues and a strong increase in EBITDA. The strong increase in EBITDA is mostly driven by high yields of agricultural crops, optimization and better cost control. Trading activities in the agriculture group have continued to decline and a new strategy for this segment is already being executed. The overall liquidity remains sound.

On 30 October 2017, the viability plans for the Group's five business segments were presented, and are available at Agrokor's website [www.agrokor.hr](http://www.agrokor.hr). The basic conclusions of these extensive viability plans come down to a significant restructuring of retail, and continued growth and optimization of EBITDA effects in the food business group. In the coming quarter, agriculture will reap the fruits of capital investments from the past. Simultaneously, assets of other operations will be sold and the employees of Agrokor d.d. will for the most part be transferred to operational activities, while Agrokor d.d. will eventually transform into a reporting and planning service for a much smaller part of its business activities. The revenue of strategic businesses that are the Group's core business is expected to fall by 5% and doubling of EBITDA through to 2021. With the completion of the viability plans, the

Extraordinary Administration's focus will shift to the ongoing settlement discussions, and progress will be reported in upcoming reports.

So far, members of the Temporary Creditors Council have approved payments to over 2,500 micro companies, craft trades and small farmers (Pool A). They have thus received 100% settlement of their pre-petition debt; the total amount paid to Pool A was EUR 21.4 million. Following additional internal approvals and evaluation of individual claims at their session held on 30 October 2017, the Temporary Creditors Council granted additional approvals, alongside payments to Pool A, which had already been approved in the period between July 2017 and September 2017, as well as additional payments to other suppliers of pre-petition claims as approved on 29 September 2017, and the sale of Villa Castello in Medveja.

On 9 November 2017, following completion of the processing of the applications for the registration of claims, the Commercial Court in Zagreb was given tables containing a list of creditors, by company and by established, recognized and disputed claims. During the claim registration application process, approximately 5,700 creditors reported a total of 12,613 claim registration applications, 139 of which were sent after the legally prescribed application deadline. While processing and reviewing the claim registration applications, 1,088 claims amounting to HRK 16.5 billion were either fully or partially disputed. The recognized claims total HRK 41.2 billion.

On 9 November 2017, the High Court in London ruled in favour of the Extraordinary Administration and recognized the proceedings in respect of Agrokor d.d, effectively staying all actions brought by creditors in England and Wales recognised by the Extraordinary Administration with respect to Agrokor d.d..

In Croatia, the Commercial Court in Zagreb rejected for the second time the proposal of Sberbank of Russia to issue a temporary measure preventing the Extraordinary Administration from concluding the financing agreement with the oldest claim dated 8 June 2017.

In Serbia, the Commercial Court of Appeal upheld the appeals brought by Agrokor companies in procedures relating to the shares of Agrokor d.d., Jamnica d.d. and Konzum d.d. in companies in Serbia, while injunctions with respect to the shares of Agrokor d.d. and Agrokor companies in KRON d.o.o., M-profil SPV d.o.o., Dijamant a.d., Frikon d.o.o. and Nova Sloga d.o.o. Trstenik have been confirmed.

The Municipal Court in Sarajevo rejected the demand made by Sberbank Banka d.d. Ljubljana and Sberbank d.d. Zagreb to issue enforcement rulings concerning the share of Agrokor d.d. in Agrokor's companies in Bosnia and Herzegovina. The Municipal Court in Kiseljak ruled on the enforcement in favor of Sberbank d.d. Zagreb and Sberbank Banka d.d. Ljubljana concerning the share of Jamnica d.d. in

Sarajevski Kiseljak d.d., and the Extraordinary Administration appealed against said rulings. In Montenegro, the Commercial Court rejected the Extraordinary Administration's demand for the recognition of the Act on Extraordinary Administration in Montenegro. The Extraordinary Administration has appealed against this ruling and is now awaiting further instructions from the court.

During the said reporting period, intensive communication with the stakeholders in Bosnia and Herzegovina was maintained. The focus remained on the operational restructuring of Agrokor's business operations in that country and the return of Mercator to the said market.

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

The financial information in the table below relates to the nine months (year-to-date) revenue, gross margin and EBITDA for certain key companies of the Group. Financial results for individual Group companies for the first nine months of 2017 included in this section of the report, are not audited.

Jan - Sep 2017 performance*			
HRK m	Retail and Wholesale	Food	Agriculture
Revenue	11,537m	6,501m	2,001m
Gross margin	1,983m	2,297m	515m
Gross margin %	17.2%	35.5%	25.7%
EBITDA	13m	1,003m	227m
EBITDA %	0.1%	15.4%	11.4%

- **Retail and Wholesale** includes 5 companies summarized results:
  - Retail: Konzum Croatia, Konzum B&H, Tisak
  - Wholesale: Velpro centar and Velpro B&H
- **Food** includes 9 companies summarized results:
  - Beverages: 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 4 companies summarized results:
  - Belje, PIK Vinkovci, Vupik and Agrokori Trgovina

- Summarized YTD 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
- Preliminary results

Retail note: includes cumulative effects of leasing reclassifications in September 2017, where the previous months were not reclassified.

As previously reported, retail performance in the first half of 2017 was suppressed by the Group's liquidity problems. Following on from the stability provided by the new financing in June 2017 the retail businesses showed consistent strength month-on-month throughout the summer period, in line with expectations from the summer season, being a direct result of the new financing, securing employees and maintaining stock levels. The positive trend of EBITDA growth that started in July continued through August and September, when profit from the operational business was realized in the amount of HRK 13 million.

September, by contrast, was a challenging month, as adverse weather ended the summer season much earlier than in 2016, impacting both revenue and margin mix for many of the businesses. Early indications are that next month's report (for October) should show better news since a more favorable weather influence is expected. .

Food companies have achieved solid results for the nine months to September 2017. September results show a slight decrease of sales revenue due to unfavourable impact of poor weather conditions during September. EBITDA and its margin continue their positive growth trend. The main contribution comes from beverages and oils businesses as result of cost excellence programs, where frozen and meat business are focused on profitable growth through portfolio optimization.

In the nine months to September 2017, the agricultural companies have achieved mixed results through a slower realization of revenues and a strong increase in EBITDA. The reason for the strong increase in EBITDA is mostly driven by high yields of agricultural crops, optimization and better cost control. Trading activities in the agriculture group have continued to decline and a new strategy for this segment is already being executed.

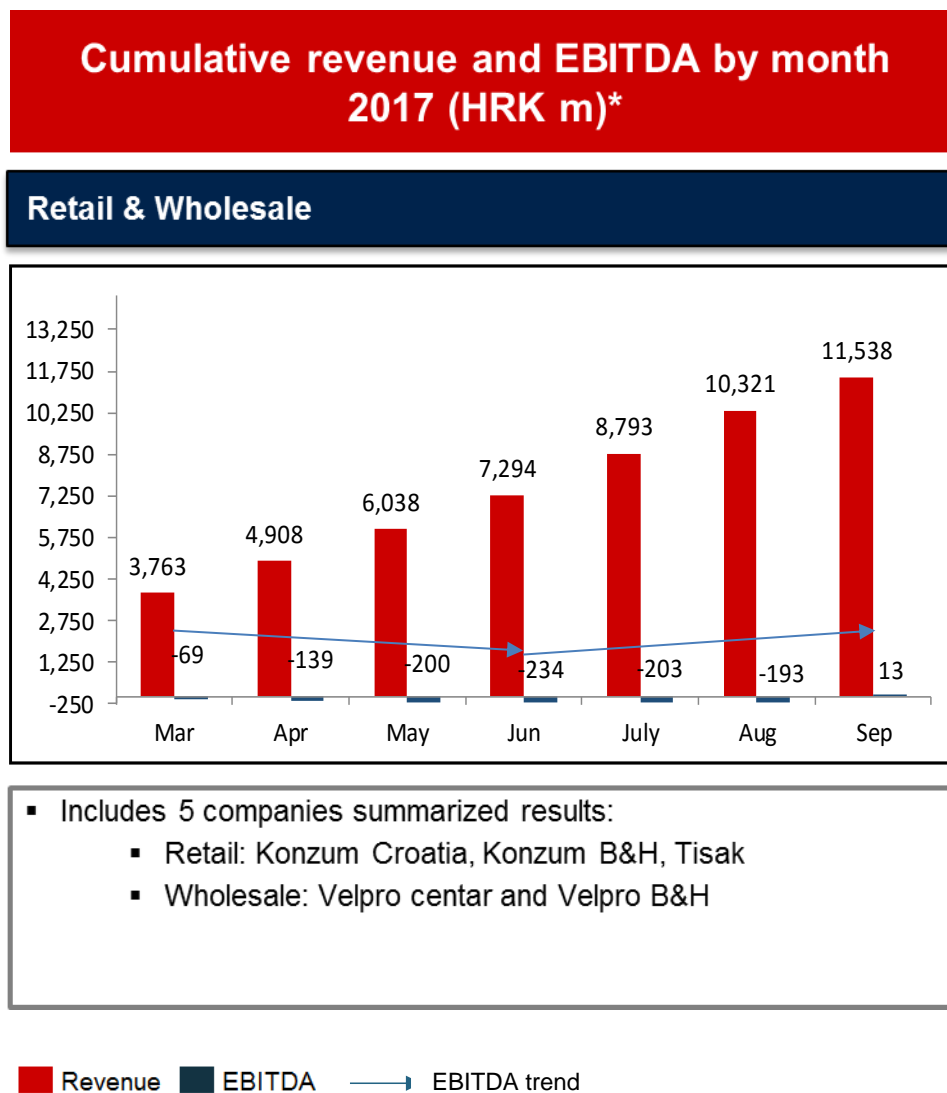
The overall liquidity remains sound and should be adequate for the coming autumn period, which should continue to positively affect profitability of the agricultural companies overall.

In line with the viability plans, focus of each segment is on improving the realization of profit from operational businesses, not solely on raising revenue.



## 2.1. Companies in the retail and wholesale sector

Companies in the retail and wholesale sector are Konzum, Konzum B&H, Tisak, Velpro centar, and Velpro B&H. 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.



**\*NOTE: All results are estimated.**

## 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 – Sep (HRK m)
Revenue	6.858
EBITDA	220
EBITDA %	3.2
Key performance indicators	Jan – Sep 2017
Gross margin %	20.4
DSO	14 days
DIO	32 days

*\*NOTE: All results are estimated.*

### 2.1.1.2. Commentary on recent trading

- Overall EBITDA in the first nine months of this year is positive and has reached the level of HRK 220 million. Decrease of operational costs by over 10 % also had a positive influence on EBITDA. EBITDA in September was mostly affected by the reclassification of leases from operating to financial by approximately HRK 237 million. The same principle was applied to the audited 2016 financial statements.
- Revenue in September was lower due to the closure of over 60 stores and reduced wholesale business. Part of the decrease in revenue is the result of unseasonably poor weather in September.
- Gross margin in September is influenced by lower sales and continued investment in prices and promotions. Share of promotions has increased by approximately 5% to stabilise footfall and attract customers.
- The declining DSO trend has continued due to the declining wholesale business.
- DIO have continued to decrease compared to last year as overall volumes reduced. Out of stock is still above the desired level; therefore, still impacting negatively on turnover. Challenges with OOS are largely the result of credit insurance companies' unwillingness to provide cover to suppliers to ensure delivery of goods, particularly private label, and some suppliers are unwilling even to agree to advance payment for supply.

## 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 – Sep (HRK m)
Revenue	1,559
EBITDA	-29
EBITDA %	-1.9
Key performance indicators	Jan – Sep 2017
Gross margin %	21.1
DSO	23 days
DIO	22 days

*\*NOTE: All results are estimated.*

### 2.1.2.2. Commentary on recent trading

- EBITDA in September has been positively impacted by lower impairment charges on receivables, but also negatively by one-off charges related to the restructuring currently underway in the company.
- During September revenue decreased predominantly as a result of lower wholesale revenue (which was halved) mostly driven by the decrease of telecom vouchers, lower retail revenue driven by the closure of unprofitable points of sale and unseasonably poor weather in September.
- Gross margin in September decreased by HRK 18 million predominantly as a result of the closure of the unprofitable kiosks (approximately 10% of the total number), absence of rebates received from Velpro in 2016 and the exit from part of the courier services business.
- There was no significant change in working capital during September 2017.

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

### 2.1.3.1. Financial results YTD and KPIs

Financial results*	Jan – Sep (HRK m)
Revenue	1,352
EBITDA	-85
EBITDA %	-6.3
Key performance indicators	Jan – Sep 2017
Gross margin %	5.2
DSO	69 days
DIO	20 days

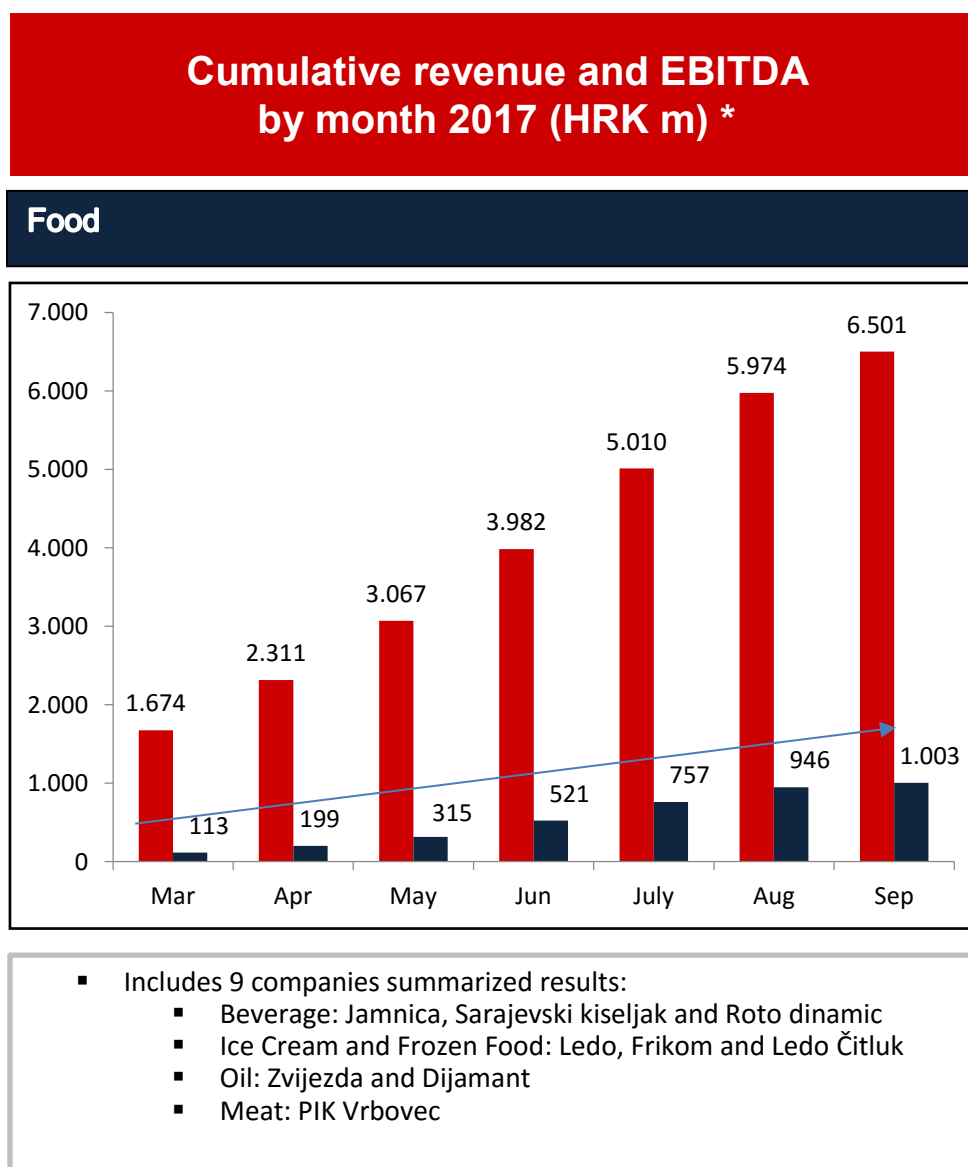
*\*NOTE: All results are estimated.*

### 2.1.3.2. Commentary on recent trading

- Operational expenses (without depreciation) reduced by approximately 20% compared to last year, although this was not enough to compensate for the reduction in gross margin, primarily as a result of loss of volumes, which in turn resulted in lower EBITDA.
- Turnover in September was lower as the season-end approached and the weather was particularly bad with the number of rainy days above average. Moreover, the top line was affected due to the discontinuation of business with lower profitability customers and closure of unprofitable wholesale centres, but also due to a loss of customers that had ceased to work with Velpro at the outset of the Act on Extraordinary Administration.
- The focus is on profitability of customers which has resulted in a higher gross margin in September compared to the cumulative margin for the whole year.
- DIO have continued to decrease by approximately 50% due to lower inventory levels which is the outcome of lower volumes but also some stock outs. Out of stock has decreased compared to the previous year but still represents a significant challenge which impacts turnover. Out of stock is a result of credit insurance companies' unwillingness to allow certain supplier to deliver goods, especially private label, whilst some suppliers are not even prepared to agree to advance payment.

## 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.



■ Revenue 
 ■ EBITDA 
 —> EBITDA trend

**\*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 – Sep 2017 (HRK m)
Revenue**	1,079
EBITDA	274
EBITDA %	25.3%
Key performance indicators	Jan – Sep 2017
Gross margin %***	53.6%
DSO	99 days
DIO	53 days

**\*NOTE: All results are estimated.**

\*\*Revenue is calculated as sales revenue of goods and services (domestic and foreign)

\*\*\* Gross margin is calculated based on revenue less cost of material & cost of goods sold +/- change in inventory

### 2.2.1.2. Commentary on recent trading

- For September, EBITDA margin is 18.6%, and gross margin is 53.8%. In the first nine months of this year EBITDA margin has grown by a total of 8% in comparison to the first eight months.
- Despite lower revenues, EBITDA was preserved due to a decrease in marketing budgets, lower production and operating expenses, as well as a provision for the restructuring made in 2016 that was entered in the accounts in the same year.
- Due to bad weather conditions September saw a decline in sales when compared to the September 2016.
- DSO is 99 days, or 5 days higher than in 2016, as a result of advanced collections in 2016 that have normalised in 2017. Receivables are decreasing compared to August 2017 following the seasonal sales trends.
- Lower inventory levels compared to August 2017 are a result of sales seasonality, keeping inventory days stabile at 53 days.

## 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 – Sep 2017 (HRK m)
Revenue	809
EBITDA	50
EBITDA %	6.2%
Key performance indicators	Jan – Sep 2017
Gross margin %	19.5%
DSO	51 days
DIO	40 days

*\*NOTE: All results are estimated.*

### 2.2.2.2. Commentary on recent trading

- EBITDA follows the same trend as revenues (pre-season EBITDA amounting to HRK 4 million, season EBITDA is HRK 57 million).
- Sales merchandise revenues are entering the normal post-season monthly decline and in September were the equivalent of the level in April.
- The annual targeted receivables collection level is 60 days. Further decline is expected following post-season movements.
- Inventory days are decreasing due to post-season inventory levels in each centre and faster supplier payment days (some suppliers with debt prior to 10th April 2017 are feeling less secure and this is influencing credit limits and contracted payment terms).

## 2.2.3. Companies in the food sector: Ledo d.d.

### 2.2.3.1. Financial results YTD and KPIs

Financial results*	Jan – Sep 2017 (HRK m)
Revenue	896
EBITDA	209
EBITDA %	23.3%
Key performance indicators	Jan – Sep 2017
Gross margin %	44.6%
DSO	79 days
DIO	70 days

*\*NOTE: All results are estimated.*

### 2.2.3.2. Commentary on recent trading

- EBITDA margin in September 2017 is stable with a slight decrease compared to last year due to lower ice cream sales.
- Ice Cream saw a decrease in sales by 28% due to bad weather, compared to last September.
- Frozen food – having returned to the market, increased by 19% compared to the same period last year.
- During September, Ledo relaunched the Grandissimo line of premium ice cream on the market. A new recipe and design were supported by a media campaign in the centre of the city.
- DSO has decreased from 87 days to 79 days compared to last month.
- DIO has decreased compared to last month from 72 days to 70 days due to an increase in inventory turnover.



## 2.2.4. Companies in the food sector: Zvijezda d.d.

### 2.2.4.1. Financial results YTD and KPIs

Financial results*	Jan - Sep 2017 (HRK m)
Revenue	490
EBITDA	45
EBITDA %	9.2%
Key performance indicators	Jan - Sep 2017
Gross margin %	27.7%
DSO	99 days
DIO	48 days

*\*NOTE: All results are estimated.*

### 2.2.4.2. Commentary on recent trading

- EBITDA in September 2017 increased due to a focus on the most profitable products and increasing operational efficiency.
- Financial stabilization of the company had a positive impact on continuous production and ensuring the stability of goods deliveries.
- In September 2017 the company had an increase in production of finished goods and maintained its strong focus on export
- Zvijezda also launched new products from the trade goods category (canned beans, vegetable whipping cream) and new functional products from our own production (coconut fat).

## 2.2.5. Companies in the food sector: PIK Vrbovec d.d.

### 2.2.5.1. Financial results YTD and KPIs

Financial results*	Jan – Sep 2017 (HRK m)
Revenue	1,349
EBITDA	92
EBITDA %	6.8%
Key performance indicators	Jan – Sep 2017
Gross margin %	24.9%
DSO	125 days
DIO	37 days

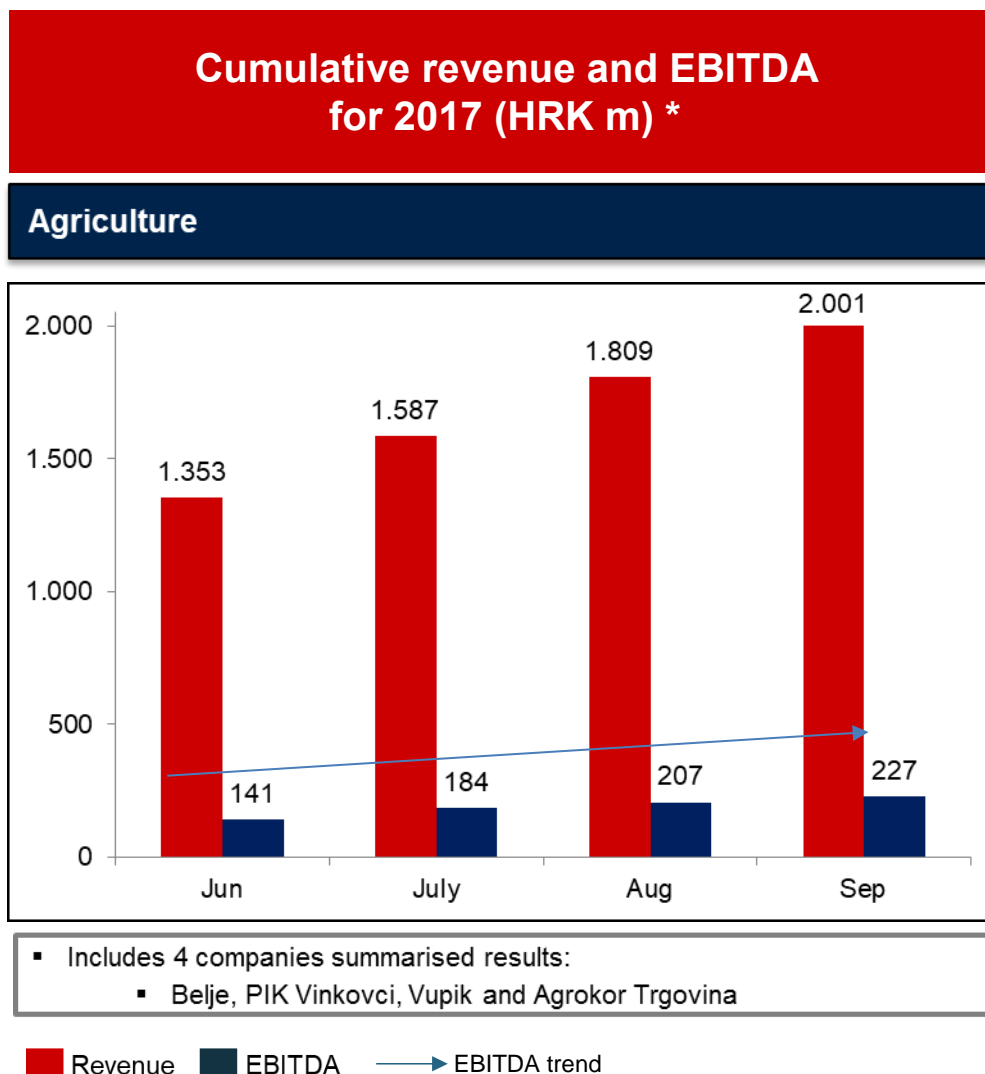
*\*NOTE: All results are estimated.*

### 2.2.5.2. Commentary on recent trading

- Gross profit margin is cumulatively 0.3% higher, while EBITDA margin is 0.5% higher as a result of intensive efforts to lower costs (excluding raw material costs since they are directly affected by stock exchange prices).
- September revenues are lower a result of planned actions that include lower sales of trade goods, and a greater focus on both producing own products, as well as focus on buyers that achieve better profitability.
- The focus has also been on assortment optimization which resulted in higher production efficiency, significant reduction in month-to-month cost of goods sold, and better overall profitability of the company.

## 2.3. Companies in the agriculture sector

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



**\*NOTE: All results are estimated.**

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

#### 2.3.1.1. Financial results YTD and KPIs

Financial results*	Jan – Sep 2017 (HRK m)
Revenue	932
EBITDA	146
EBITDA %	15.7%
Key performance indicators	Jan – Sep 2017
Gross margin %	33.1%
DSO	85 days
DIO	210 days

*\*NOTE: All results are estimated.*

#### 2.3.1.2. Commentary on recent trading

- The biggest positive impact on EBITDA were the high yields of agricultural crops that were sold in September, combined with the cost savings and lower costs of materials, as well as excellent natural indicators in production which all resulted in an EBITDA margin of 15.7%.
- Increase in sales revenue in September is mostly driven by high yields of agricultural crops (wheat, oilseed rape, sunflower) and continuous growth in production and sales of animal feed.
- Inventory levels are a little higher since the crops are stored on farms as livestock feed or in the animal feed factory as raw material for production.

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

### 2.3.2.1. Financial results YTD and KPIs

Financial results*	Jan – Sep 2017 (HRK m)
Revenue	238
EBITDA	16
EBITDA %	6.6%
Key performance indicators	Jan – Sep 2017
Gross margin %	33.1%
DSO	78 days
DIO	383 days

*\*NOTE: All results are estimated.*

### 2.3.2.2. Commentary on recent trading

- Cost optimization measures continued with the aim of improving EBITDA and significant growth in EBITDA is expected in the final quarter of 2017.
- The increase in sales revenue in September is mostly driven by high yields of agricultural crops (wheat, oilseed rape, sunflower) and the positive effect is due to the good price of cattle. In the next quarter we expect a better price for vegetable and fruit products.
- DSO in September has decreased as a result of regular payments to companies.
- DIO has decreased slightly compared to last month. In September, a significant part of production had not yet been completed whilst the autumn sowing investment for the next year had already started.

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

#### 2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan – Sep 2017 (HRK m)
Revenue	229
EBITDA	49
EBITDA %	21.3%
Key performance indicators	Jan – Sep 2017
Gross margin %	37%
DSO	86 days
DIO	245 days

*\*NOTE: All results are estimated.*

#### 2.3.3.2. Commentary on recent trading

- High yields of agricultural crops that were sold in August combined with cost savings, low costs of materials and excellent natural indicators of production resulted in an EBITDA margin of 21.3%.
- Revenues in September recorded good growth due to sales of agricultural crops (sugar beet and soya), sales crop from cooperation (wheat, soybeans and corn silage) and sales of cattle due at good selling prices.
- Inventory levels remain at a similar level to last month with the sale of the remaining June crops (wheat and barley), the harvest of grapes and new crops needed for livestock production.

## 2.3.4. Companies in the food sector: Agrokor trgovina d.o.o.

### 2.3.4.1. Financial results YTD and KPIs

Financial results*	Jan – Sep 2017 (HRK m)
Revenue	602
EBITDA	17
EBITDA %	2.8%
Key performance indicators	Jan – Sep 2017
Gross margin %	7.1%
DSO	45 days
DIO	5 days

*\*NOTE: All results are estimated.*

### 2.3.4.2. Commentary on recent trading

- Improved liquidity has helped increase profitability for the year-to-date. However, September profitability is lower due to the seasonality of the business.
- In September the majority of revenues came from soybean meal, grains and fertilizer business. With very slow trade of oilseeds (sunflower and soybeans), we expect trading with oilseeds will be more active in Q4 2017. Looking at September revenues, more than 35% came from exports, predominately to Italy.
- Collection of receivables is still challenging in relation to local buyers who are affected with general poor liquidity. However, improvements have been made towards the end of the month.

## 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 payment budgets being set and approved based on these forecasts. In the period since the new finance was raised in June 2017 to mid-October 2017 net funds of HRK 970 million 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 to allow them to prepare for and benefit from the peak summer season.

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

#### CW43 Forecast 19 Core Subsidiaries 13 Week STCF vs prior week (HRK m)

	Current STCF (CW 43)	Prior week STCF (CW 41)
Minimum cash balance (13w)	1,072	628
Maximum cash balance (13w)	1,386	816
Minimum Liquidity covenant	296	296
Undrawn facility	370	962
<b>Available liquidity (incl. undrawn facility)</b>	<b>1,146 – 1,460</b>	<b>1,294 – 1,484</b>

The last tranche of the term loan of EUR 80 million (HRK 592 million) was drawn on 13 October 2017, which is the primary driver of the variance in the minimum and maximum cash balances between the Current STCF (CW43) and Prior week STCF (CW41).



## 3.2. Supplier claims settlement

It was communicated publicly in the week ending 28 July 2017 that there would be a tranche of EUR 150 million made available for 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 pre-petition trade suppliers 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 21.4 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):** Up to EUR 92.5 million 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 Agrokor Group company to return to historic supplier terms going forward.

### **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;
- ii. Companies with signed contracts were eligible for allocation of €92.5m from Pool B.

### **3.2.2.3. Status update**

There have currently been EUR 80.6 million of funds approved to be utilized out of Pool B. This is broken down as follows:

- Tranche 1 of EUR 26.5 million (plus a further EUR 1.0 million is held as contingency for errors) has been allocated on a pro rata basis to all old debt suppliers that have filed their claims in the Extraordinary Administration.
- Tranche 2 of EUR 54.1 million 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 allocation will be paid after all requisite approvals have been received with payments commencing in the week commencing 25 September 2017; and
  - the balancing 20% will be paid on or before 31 March 2017.

Additional requests are expected, particularly from Konzum. Any residual unused funds from this EUR 150m will become available for operational use within the Group.

### **3.2.2.4. Border claims**

The Extraordinary Administration is expecting to make payments in respect of border claims that originated from the delivery of goods and services. The payments would amount to a maximum of 28% of the supplier's border claim taking into account any amounts paid previously and are limited to a maximum EUR 35 million in total.

## **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.

Group companies are currently in the process of issuing 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. It is expected that this will be completed by the time of the next monthly report.

#### **4. Business reviews**

The summary viability plans for individual businesses and the Group were published on 30 October 2017.

A copy of the summary plans can be found on the Agrokor website ([www.agrokor.hr](http://www.agrokor.hr)) and in Appendix 1 of this report – Agrokor Viability plan.

## **5. Settlement negotiations**

Now that the business reviews and viability plans have been completed, the focus of the Extraordinary Administration team has shifted towards settlement negotiations and the settlement plan. Updates will be provided in future monthly reports.

## 6. Cost of Extraordinary Administration and operational business of Agrokor d.d.

### 6.1. Extraordinary Administration operating costs

Starting with the next monthly report, the Extraordinary Administration will publish the monthly costs of Agrokor d.d.'s operations, including the restructuring costs. The table below shows total costs of the Extraordinary Administration since initiation of the procedure, or being the operating costs of Agrokor d.d. from 10 April 2017 to 30 September 2017.

It is important to note that the operational business expenses of Agrokor d.d. would exist regardless of the Extraordinary Administration, since these costs are directly tied to the numerous centralized services for the whole Group. Control of total expenses and their optimization are part of the Extraordinary Administration process.

The total number of Agrokor d.d. employees has been reduced from 170 to 99 in the period from 1 April 2017 to 1 September 2017. This decrease is the part of the overall restructuring process of Group whereby, according to the viability plans, Agrokor d.d. will transform into a service center for reporting and planning, covering a much lower segment of activities, than it does today.

Agrokor d.d.'s operating costs, such as the costs of consulting and financing, would exist regardless of the Extraordinary Administration. For example, legal and financial advisors Kirkland and Ellis and Houlihan Lokey were hired by Agrokor d.d. prior to the beginning of the Extraordinary Administration, which has negotiated new terms of their engagements.

#### Extraordinary administration costs— operating costs of Agrokor d.d.

OPERATING COSTS OF AGROKOR D.D.	April	May	June	July	August	September	Total
<b>Total cost of salaries and fees</b>							
Commissioner's fee	89.227,81 kn	118.970,40 kn	118.970,40 kn	118.970,40 kn	118.970,40 kn	118.970,40 kn	684.079,81 kn
Employees and service contracts (Bruto II included)	8.857.131,15 kn	6.887.930,32 kn	7.605.342,63 kn	5.749.269,00 kn	5.017.986,27 kn	5.116.399,86 kn	39.234.059,23 kn
Severance payments	4.638.224,40 kn	4.079.058,16 kn	7.383.890,00 kn	1.619.978,66 kn	1.157.487,72 kn	2.753.741,52 kn	21.632.380,46 kn
	13.584.583,36 kn	11.085.958,88 kn	15.108.203,03 kn	7.488.218,06 kn	6.294.444,39 kn	7.989.111,78 kn	61.550.519,50 kn
<b>Consultant fees</b>							
Legal	0,00 kn	9.918.186,64 kn	11.038.098,25 kn	6.165.001,32 kn	8.144.620,99 kn	9.393.328,25 kn	44.659.235,46 kn
Financial	0,00 kn	0,00 kn	0,00 kn	18.972.462,71 kn	2.392.579,27 kn	3.149.658,63 kn	24.514.700,61 kn
Restructuring	7.485.760,00 kn	7.929.422,25 kn	13.402.392,11 kn	12.648.848,09 kn	13.245.007,56 kn	11.561.373,01 kn	66.272.803,01 kn
	7.485.760,00 kn	17.847.608,89 kn	24.440.490,36 kn	37.786.312,12 kn	23.782.207,82 kn	24.104.359,89 kn	135.446.739,08 kn
<b>Audit and tax services</b>	11.350,00 kn	0,00 kn	1.767.123,64 kn	513.790,55 kn	386.841,18 kn	348.505,55 kn	3.027.610,92 kn
<b>Utilities costs</b>	294.624,78 kn	420.130,58 kn	202.881,53 kn	174.769,30 kn	117.832,47 kn	360.145,80 kn	1.570.384,46 kn
<b>Material costs</b>							
Transportation costs (insurance, maintenance, fuel, etc.)	937.625,80 kn	517.849,78 kn	376.654,48 kn	892.930,94 kn	390.292,66 kn	475.216,82 kn	3.590.570,48 kn
Ongoing maintenance	368.406,97 kn	277.779,54 kn	264.578,02 kn	289.476,27 kn	250.984,49 kn	287.855,94 kn	1.739.081,23 kn
Other	0,00 kn	92.676,41 kn	61.627,15 kn	4.420.861,82 kn	47.872,51 kn	95.925,65 kn	4.718.963,54 kn
	1.306.032,77 kn	888.305,73 kn	702.859,65 kn	5.603.269,03 kn	689.149,66 kn	858.998,41 kn	10.048.615,25 kn
<b>Insurance costs - management liability insurance</b>	0,00 kn	1.448.383,95 kn	0,00 kn	2.963.608,00 kn	0,00 kn	10.559.426,83 kn	14.971.418,78 kn
<b>Cost of new financing</b>	0,00 kn	0,00 kn	29.384.325,42 kn	4.417.730,37 kn	0,00 kn	0,00 kn	33.802.055,79 kn
<b>Travel costs / education</b>	19.702,32 kn	24.583,10 kn	54.013,86 kn	57.927,76 kn	18.633,14 kn	44.956,25 kn	219.816,43 kn
<b>Other costs *</b>	11.194.702,72 kn	10.727.246,97 kn	3.343.045,76 kn	6.299.039,28 kn	7.439.992,22 kn	9.855.059,95 kn	48.859.086,90 kn
<b>Amortization / Depreciation</b>	533.202,75 kn	532.869,72 kn	543.566,37 kn	541.295,15 kn	541.365,36 kn	1.211.450,33 kn	3.903.749,68 kn
<b>Total</b>	<b>34.429.958,70 kn</b>	<b>42.975.087,82 kn</b>	<b>75.546.509,62 kn</b>	<b>65.845.959,62 kn</b>	<b>39.270.466,24 kn</b>	<b>55.332.014,79 kn</b>	<b>313.399.996,79 kn</b>

\*Comment relating to the category "Other costs": realized total "Other costs" for April amount to HRK 24.171.808,76, out of which, after 10/04/2017, amount of HRK 4.250.308,08 relates to intellectual services and amount of HRK 6.944.394,64 relates to all other costs of cost class 4.

Amount of HRK 12.435.740,68 relates to the period before 10/04/2017, therefore the total amount shown for April is HRK 11.194.702,72.

## 6.2. Professional advisor's assignments and fees in the Extraordinary Administration procedure

For transparency purposes of the Extraordinary Administration is providing a detailed overview of advisor's assignments in the Extraordinary Administration and more information regarding costs, with reference to the services that advisors provide. In the upcoming monthly reports an overview of the professional fees will be available in the table above entitled 'Costs of the Extraordinary Administration and business operations of Agrokor d.d.', where they will be published under "Professional Fees".

The restructuring of Agrokor, including 160 individual companies within the Group, is for certain one of the most complex undertakings in Europe, but possibly also beyond, and requires the support of a substantial number of advisors from different backgrounds with significant experience in their field. Restructuring advisors, financial advisors, legal advisors as well as others, such as accounting and forensic support, human resources management, etc. were hired in the Extraordinary Administration.

In accordance with Article 12, Section 11 of the Act on Extraordinary Administration, in which it is stated that the Extraordinary Trustee will select a restructuring advisor within 30 days of being appointed as well as auditors, legal advisors and other advisors specialized in specific areas, as needed. It defines the restructuring advisor as a legal entity that must have international experience and references in similar work and which can, if needed, hire additional advisors specialized in specific areas.

The Extraordinary Trustee hired the following advisors that are currently engaged in the Extraordinary Administration:

Name	No. of advisors <sup>1</sup>	Scope of work
<b>Restructuring advisors:</b>		
ALIXPARTNERS with domestic subcontractors	34	Overall project coordination, cash flows, viability planning, settlement structuring, stakeholder relations, communication Claims management, tax structuring
KPMG CROATIA with domestic subcontractors	27	
<b>Financial advisors:</b>		
HOULIHAN LOKEY <sup>2</sup>	10	New money raising, entity priority model, settlement structuring
ITHUBA CAPITAL	6	New money raising, viability planning, valuations
<b>Legal advisors:</b>		
KIRKLAND & ELLIS INTERNATIONAL LLP <sup>2</sup>	15	Overall legal advice and coordination, including restructuring advice
ODVJETNICI - GAJSKI-GRLIĆ,PRKA	7	Croatian counsel
ODVJETNICI - BOGDANOVIĆ, DOLIČKI & PARTNERI	10	Croatian counsel
MARIĆ	5	Bosnian counsel
VESELINOVIC	5	Serbian counsel
HARRISONS	2	Serbian counsel
ROJS I PARTNERI	5	Slovenian counsel
LENZ&STAEHELIN	3	Swiss counsel
<b>Other advisors (as of October 2017):</b>		
ACCOUNTING	5	Forensic accounting
HUMAN RESOURCES	7	Management audit, executive search
<b>TOTAL</b>	<b>141</b>	

<sup>1</sup> Total number of advisors assigned to the project by each advisory firm, whether full or part-time

<sup>2</sup> Advisors retained before start of Extraordinary Administration. Contracts renegotiated after 10th April

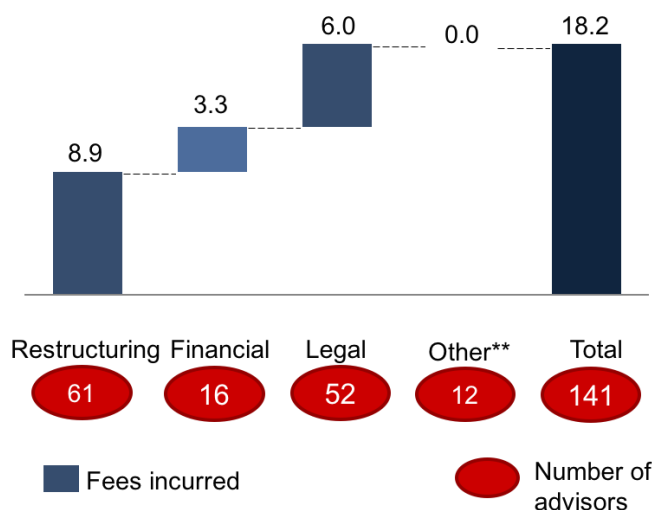
The Agrokor restructuring process is run according to best global practice for processes of this type, with highly reputable international advisory firms with exceptional experience engaged by the Group. 19 advisory firms are currently supporting Agrokor, with around 141 people actively involved in the project on a daily basis, whether full or part-time.

According to Article 12 of the Act on Extraordinary Administration, the Extraordinary Trustee is authorized to pay costs of advisors from the revenue generated by regular business operations and, in accordance with the Act, all restructuring costs are covered by Agrokor, or ultimately by the creditors. Advisor engagement and the restructuring costs are subject to Temporary Creditor's Council meetings, and from this monthly report onwards, the costs of the Extraordinary Administration and operational business of Agrokor d.d. will be included in every monthly report.

Key activities undertaken by the advisors up to date include, among other things, new finance raising, with two facilities raised during this period, cash flow management and ensuring sufficient liquidity, completion of the claims collection and sorting process with over 12,000 claims filed, checked and catalogued, development of viability plans (business plans) for all major companies, identifying and implementing operational restructuring initiatives, litigation support in Croatia and a number of other countries, as well as the preparation of settlement plan and entity priority model.

In the period from 10 April 2017 to 30 September 2017, the following fees were paid:

### Overview of Group's\* restructuring fees (EUR M)



\* The company has also had to pay for an additional EUR 1.5m of professional costs for advisors which are no longer active, such as Alvarez & Marsal. These amounts are excluded from the numbers above.

\*\* Other advisors include forensic accounting and executive consultancy (billing starts as of October 2017)



The amount of EUR 18.2 million does not include the fees of advisors no longer active (such as Alvarez & Marsal), nor any fees relating to the two fundraisings undertaken by Agrokor since April 2017. The audit fees of EUR 1.6 million for the 2016 audit work are also excluded. The Group had previously agreed a fee of EUR 4.7 million with Baker Tilly, the former auditors, in respect of the 2016 audit. However, this contract has been terminated in the meantime.

The total cost of legal advisors will be directly linked to the high number of legal procedures that are underway in Croatia as well as other countries. The restructuring consultant costs are dependent on the complexity of processes that occasionally demand engagement of more people on specific tasks.

The total cost of professional fees, depending on the length of the procedure and subject to a successfully negotiated settlement, is estimated at approximately EUR 58-69 million. The total amount of advisory fees depends on the timing of the settlement (where a longer process would result in higher fees), successful completion of the assignment which triggers payment of success fees, the complexity of work streams and resources required to complete them and any change in the advisors' scope of work during the procedure.

This amount is just under 1% of Agrokor debt and is significantly below the benchmark of comparable projects. In the comparable set of 26 situations, total professional fees have ranged from 0.8% to 19.2% of total debt, with the average being 3.3%. Agrokor costs are expected to be around 1/3 of this average, even though most of the restructuring examples listed below cannot be directly compared to the Group in terms of complexity.

Company	Country	Overall indebtedness	Estimated total professional fees	Fees as a percentage of total debt
Energy Future Holdings Corp.	USA	USD 45bn	USD 468m	1.0%
General Growth Properties, Inc.	USA	USD 18.4bn	USD 197m	1.1%
Caesars Entertainments Operating Company	USA	USD 18bn	USD 231m	1.3%
Tribune Co.	USA	USD 13bn	USD 500m	3.8%
Peabody Energy Corporation	USA	USD 10.1bn	USD 144m	1.4%
LINN Energy, LLC	USA	USD 9.4bn	USD 98m	1.0%
Awal Bank – Bahrain Investment Bank	Bahrain	USD 7.4bn	USD 96m	1.3%
Alpha Natural Resources, Inc.	USA	USD 7.1bn	USD 78m	1.1%
Kodak Eastman Company	USA	USD 6.8bn	USD 243m	3.6%
National Bank of Ukraine	Ukraine	USD 6.0bn	EUR 50m	0.8%
Cengage Learning, Inc.	USA	USD 5.8bn	USD 67m	1.2%
Samson Resources Corp.	USA	USD 4.9bn	USD 67m	1.3%
Kaupthing Singer & Friedlander	UK	GBP 4.1bn	GBP 135m	3.3%
Ocean Rig	USA	USD 3.9bn	USD 50-70m	1.3 – 1.8%
Sabine Oil & Gas Corporation	USA	USD 2.8bn	USD 87m	3.1%
TIBC – Bahrain Investment Bank	Bahrain	USD 2.6bn	USD 36m	1.4%
Ansett Airways	Australia	USD 2.2bn	USD 200m	9.1%
Confidential - Retailer	Confidential	EUR 1.3bn	EUR 70m	5.4%
IBRC – Irish Bank Resolution Corporation	Ireland	USD 1.1bn	USD 211m	19.2%
Quicksilver Inc.	USA	USD 850m	USD 26m	3.1%
Triangle USA Petroleum Corp	USA	USD 689m	USD 34m	5.0%
ChasSix Holdings	USA	USD 680m	USD 32m	4.7%
Answers Holdings, Inc.	USA	USD 571m	USD 14m	2.4%
BCBG Max Azria Global Holdings	USA	USD 459m	USD 11m	2.5%
Comet	UK	GBP 372m	GBP 15m	4.0%
EveryWare Global, Inc.	USA	USD 292m	USD 7m	2.4%
Agrokor	Croatia	EUR 7.5bn	EUR 58-69m	0.8-0.9%

Minimum	0.8%
Maximum	19.2%
Average	3.3%

## 7. Litigation

The present reporting period saw some developments in the various litigation and enforcement proceedings formally issued against Agrokor d.d. and a number of its affiliates.

In Croatia, the motion brought by Sberbank of Russia seeking an injunction to prohibit the Extraordinary Administration from entering into the super senior facility agreement dated 8 June 2017 was rejected for a second time by the Commercial Court of Zagreb, the matter having been returned to the first instance court following a successful appeal on procedural grounds.

Also during the period, a hearing was held before HHJ Paul Matthews QC where he handed down his judgement in the recognition proceedings in the High Court in London, granting recognition of the Extraordinary Administration's proceedings in respect of Agrokor and staying all present and future actions brought by creditors in England and Wales. A hearing had been held over four days and the application was contented by Sberbank of Russia. Detailed evidence had been exchanged prior to this hearing, as well as expert reports on Croatian law from retired Judge of the Supreme Court of the Republic of Croatia, Andrija Eraković, appointed by the Extraordinary Administration, and Professor Alan Uzelac of Zagreb University was appointed by Sberbank of Russia. In his judgement, HHJ Matthews rejected each of Sberbank's objections, accepting the arguments made by the Extraordinary Administration. The judgement and a summary of it are available on the Agrokor Website.

In Serbia, the Commercial Appellate Court upheld on appeal the Extraordinary Administration's objections in the following cases:

1. Case no. liv 289/2017 brought by Banca Intesa ad Beograd concerning Agrokor d.d.'s shareholdings in Dijamant a.d. Zrenjanin, KRON d.o.o. Beograd, M-Profil SPR d.o.o. Beograd and Nova Sloga d.o.o. Trstenik;
2. Case no. liv 3732/2017 brought by Sberbank d.d. (Zagreb) concerning Jamnica d.d.'s shareholding in MG Mivela d.o.o.; and
3. Case no. liv 3731/2017 brought by Sberbank d.d. (Zagreb) concerning Konzum d.d.'s shareholding in Idea d.o.o. Beograd.

The Extraordinary Administration is now taking steps to remove the pledges registered in favour of Banca Intesa ad Beograd and Sberbank d.d. Zagreb over these shareholdings.

Sberbank d.d. Zagreb (case no. liv 356/2017) and Sberbank Banka d.d. Ljubljana (case no. liv 338/2017) have filed appeals in the enforcement proceedings in respect

of the shares held by Agrokor d.d. in Dijamant a.d. Zrenjanin, KRON d.o.o. Beograd, M-Profil SPV d.o.o. Beograd and Nova Sloga d.o.o. Trstenik. These appeals have been consolidated by the Commercial Appellate Court with the proceedings brought by Banca Intesa ad Beograd in respect of the same shareholdings. The decision of the court is awaited.

During the period replies were also filed in response to the appeal brought by Sberbank Banka d.d. Ljubljana in the Commercial Appellate Court in Belgrade in case no. liv 3869/17 in respect of Jamnica's shareholding in MG Mivela d.o.o.

Furthermore, the Extraordinary Administration has filed a further submission in the appeal against the decision of the Commercial Court in Belgrade to reject the application for recognition of the Extraordinary Administration proceedings in Serbia. Replies have also been filed by the defendant companies in the litigation proceedings issued by Banca Intesa in the Commercial Court in Belgrade (case no. P 3283/2017). Those proceedings have been issued against Konzum d.d., Jamnica d.d., Zvijezda d.d., Agrokor Trgovina d.o.o. and PIK Vrbovec Mesna Industrija d.d.

Finally, in Serbia, the Commercial Appellate Court in Belgrade has rejected Agrokor d.d.'s, Ledo d.d.'s and Konzum d.d.'s appeals and has upheld the temporary injunction orders in the following proceedings:

1. Case no. li 1053/2017 concerning Agrokor d.d.'s shareholding in KRON d.o.o. and M-profil SPV d.o.o.;
2. Case no. li 51/2017 ongoing before the Commercial Court in Zrenjanin concerning Agrokor d.d. shareholding in Dijamant a.d.;
3. Case no. I 99/2017 ongoing before the Commercial Court in Belgrade concerning Ledo d.d.'s shareholding in Frikom d.o.o.; and
4. Case no. R 111/2017 before the Commercial Court in Kraljevo concerning Agrokor d.d.'s shareholding in Nova Sloga d.o.o. Trstenik.

These decisions prevent the disposal or encumbrance of the relevant shareholdings until conclusion of the arbitration proceedings initiated by Sberbank of Russia in England and Wales, which remained stayed pending final resolution of the recognition proceedings. Following the judgment of the High Court in England on 9 November 2017, the Extraordinary Administration is considering the next steps in relation to these temporary injunctions.

Further submissions were filed by Sberbank of Russia, and replies filed by the Extraordinary Administration, in the temporary injunction proceedings with case no. li 1052/2017 before the Commercial Court in Belgrade concerning Konzum d.d.'s shareholding in Idea d.o.o.

In Slovenia, in accordance with the directions of the District Court of Ljubljana the Extraordinary Administration filed responses to the submissions of Sberbank and the Republic of Slovenia. On 9 November 2017 the Extraordinary Administration filed an additional pleading with the District Court in Ljubljana to which it submitted a copy of the judgment, recognizing the Extraordinary Administration proceedings in respect of Agrokor in England and Wales.

In Bosnia, both the Municipal Court in Sarajevo and the Municipal Court in Travnik have declared that they are not competent to hear the petitions brought by Sberbank of Russia for temporary injunctions in respect of Agrokor d.d.'s shareholdings in Konzum d.o.o. Sarajevo and Ambalažni servis d.o.o. Sarajevo, and Jamnica d.d.'s shareholding in Sarajevski Kiseljak d.d. Kiseljak, respectively (case numbers 65 0 Ps 656174 17 MO and 51 0 V 126516 17 MO, respectively).

The Municipal Court in Sarajevo has also dismissed the petition of Sberbank Banka d.d. Ljubljana (case number 65 O Ip 655163 17) and Sberbank d.d. Zagreb (case number 65 O Ip 655636 17 Ip) for an enforcement order in respect of Agrokor d.d.'s shareholdings in Konzum d.o.o. Sarajevo, Ambalažni servis d.o.o. Sarajevo and Boreas d.o.o. Kreševo. Sberbank has filed appeals in both proceedings.

Further, the Municipal Court in Kiseljak has also granted enforcement orders in favour of Sberbank d.d. Zagreb and Sberbank Banka d.d. Ljubljana in respect of Jamnica d.d.'s shareholding in Sarajevski Kiseljak d.d. Kiseljak (Case numbers 51 0 Ip 126432 17 and 51 0 Ip 126496 17 Ip respectively). The Extraordinary Administration has filed objections to both decisions, and awaits the decision of the court.

Finally, in Bosnia, the Extraordinary Administration filed replies to the objections filed by Sberbank of Russia, Sberbank Banka d.d. Ljubljana and Sberbank d.d. Zagreb. Sberbank have subsequently filed a further submission to which the Extraordinary Administration will prepare a response.

In Montenegro, the Commercial Court of Montenegro has dismissed the Extraordinary Administration's application for recognition of the Act on Extraordinary Administration proceedings in Montenegro. The Extraordinary Administration has filed an appeal against this decision and is awaiting further directions from the court. The enforcement action brought by Hipotekarna Banka Ad Podgorica against Ledo d.o.o. Podgorica has been settled and the public auction of the secured property was cancelled.

## 8. Temporary Creditors Council

The Temporary Creditors Council convened twice in the period from 11 October to 10 November (9<sup>th</sup> and 10<sup>th</sup> sessions).

The Temporary Creditors Council held its 9th meeting on 30 October 2017. All members attended the meeting.

By majority vote, the following items were approved:

1. Payment of claims due and payable to family farms (OPG), small entrepreneurs and micro-suppliers (as defined in the last monthly report) for debts prior to the Act on Extraordinary Administration – additional approvals in relation to the payments already approved on 26 July 2017, 31 August 2017 and 29 September 2017.
2. Payment of claims due and payable to other suppliers for debts prior to the Act on Extraordinary Administration – additional approvals in relation to the payments already approved on 29 September 2017.
3. Sale of asset - Villa Castello in Medveja.

The summary Group business reviews referenced in section 4 of this report were also presented to the Temporary Creditors Council.

The Temporary Creditors Council held its 10th meeting on 3 November 2017. The meeting was held correspondingly.

By majority vote, the following item was approved:

1. Payment of the claims of certain specific suppliers for debts prior to the Act on Extraordinary Administration.

## 9. Registration of claims

The preparation of data on filed, verified and contested claims for the purposes of publication in the tables in the format requested by the Court began in October.

The total number of filed and processed claims is 12,613 filed by approximately 5,700 creditors, of which 139 were submitted after the expiration of the statutory deadline for filing of claims.

During the processing and verification of filed claims, 1,088 were partially or entirely contested, and their aggregate value is HRK 16.5 billion. The aggregate value of verified claims is HRK 41.2 billion.

Each company subject to the Act on Extraordinary Administration proceedings has prepared a list of processed claims and its authenticity has been confirmed by each company's finance director, legal department director and the president of the management board.

Tables with a list of creditors of each company, verified and contested claims against companies in the Extraordinary Administration Proceeding were submitted to the Commercial Court on 9 November 2017.

## 10. Stakeholder relations and communications

During the present reporting period regular, direct and formal communications were maintained with all key stakeholders across different communication channels extending to creditors, debtors, unions, employees, management and representatives of governments and institutions in the countries where Agrokor operates. The Extraordinary Administration continues to maintain the remarkably high level of systematic and transparent communication with all stakeholders.

Internal communications continue to be primarily focused on the development of the situation in retail, payment of suppliers, and further operational restructuring of Agrokor after the completion of viability plans.

The Extraordinary Administration is particularly focussed on maintaining communication with all groups of creditors. On 17 and 18 October 2017, the Extraordinary Administration held a two-day session with the representatives of creditors and lending institutions. At the event, the restructuring advisors and operational management presented the viability plans for the Agrokor companies. Furthermore, during the present reporting period, several direct meetings were held with creditors and the Temporary Creditors Council convened twice on 30 October 2017 and 3 November 2017, as reported in detail in section 8 of this report.

A meeting was also held with key suppliers on the subject of basic relationships with retail chains and repayment of border claims.

Direct communication with the media has been maintained during the present reporting period, and the Extraordinary Administration was engaged in more than 70 media activities in countries in the region where Agrokor companies operate. These activities include press conferences, press releases, briefings for the media, interviews, statements for the press and a large number of responses to different media inquiries. Key topics which have during the reporting period dominated the media include the publication of the audited consolidated financial statements of the Group and individual companies for 2016, completion and publication of the viability plans, , publication of the amount of claims received, and further developments in legal procedures and relevant court decisions in countries where Agrokor operates.

Report prepared by:

Ante Ramljak  
Extraordinary Trustee  
Agrokor d.d